智經研究中心
Bauhinia Foundation Research Centre

Hong Kong's Future Population and Manpower Needs to 2030

香港至2030年的人口及人力需求

Feb 2014

EXECUTIVE SUMMARY

1. The ageing population in Hong Kong has become a major policy issue. It will have a direct impact on our future labour force and manpower needs which will in turn affect our long-term competitiveness. The Bauhinia Foundation Research Centre has conducted this research to review the evidence on which informed policy can be developed on the topic of Hong Kong's Future Population and Manpower Needs to 2030. Our report begins by looking at the future trends in Hong Kong's population and manpower. While the population is ageing and overall growth is slowing, no absolute decrease in the size of the labour force is projected until after 2018 and the 2030 labour force is projected to be about only 2 per cent lower than at present. However, if more people, both men and women, can be encouraged to work beyond 65 years of age, the labour force decline can be slowed.

2. We have examined the components of Hong Kong's population growth, both natural increase and migration. It shows the continued, if variable, importance of natural increase even in an era of low fertility. However, a significant component of the total number of births (some 34 to 46 per cent between 2005 and 2012) was to mothers who were not Hong Kong residents. Any policy to restrict this number is going to accelerate the ageing process in Hong Kong. This may be counterproductive as the evidence suggests that the parents of the Type II babies (those born to parents neither of whom are Hong Kong permanent residents) were increasingly well educated and will have high aspirations for their children.

3. Net migration is the second component of Hong Kong's population growth. The channels of entry into the Hong Kong Special Administrative Region (SAR) are identified and the various streams of migrants, both into and out of Hong Kong, are examined. The highly skilled make up only one, and generally not the largest, component of the migration. Overall, however, the principal characteristic of the migration is one of high mobility, a "churn" of many, particularly the highly skilled, coming in only for short periods. Policy will need to take this high turnover into consideration: it is a characteristic of the movement of the highly skilled elsewhere too, much of whose movement is conditioned by intra-corporate transfers and through recruitment of "head-hunting" companies. The nature of Hong Kong's position as a centre for regional headquarters also accounts for this trend.

4. One significant component of those migrants born outside Mainland China is made up of foreign domestic helpers. In the context of a low-fertility society, this workforce has the potential for basic training as carers for the ageing population.

5. A large Hong Kong-born population, in the region of 800,000 people, were living in destinations outside the SAR in 2013. The principal destinations were Canada, the United States, Australia and the United Kingdom. Among this population, significant numbers of highly educated people form a pool of skilled labour upon which the SAR could draw on both a longer- or shorter-term basis. Their affinity with Hong Kong, often in terms of language as well as specific technical skills, suggests that they have the potential to make a continued contribution to the SAR in the future.

6. We have also examined the increasing economic and population linkages with Mainland China. Some 235,000 Hong Kong residents were living in Mainland China in 2010, three-quarters in neighbouring Guangdong province, and they contribute to the formation of an emerging mega-urban region in the Pearl River Delta. Frequent cross-boundary trip-makers living in Mainland China more than doubled between 2001 and 2011, and the integration is as much social as economic, with increased travel for leisure, but also increased numbers of cross-boundary marriages. Much of Hong Kong's future reproductive capacity lies outside its immediate boundary.

7. The direction of the future demand for labour in Hong Kong is examined. Great uncertainties exist in any exercise to forecast future labour needs. Not only will the directions of local, regional and global economies have impacts but so, too, will the nature of technological change within each industry and occupation bring changes to labour demand. The changing structure of Hong Kong's economy is outlined, together with the characteristics of its labour market by employment status, education and skill level, and migration status. The existing forecasts are examined and policies designed to affect the supply of and demand for labour assessed.

8. Considerable attention was given in our research to existing proposed policy directions for the Hong Kong economy looking at the four pillar industries. We have paid specific attention to two critical policy areas for Hong Kong's future: education and health. The education sector will generate locally many

of the skills required for our future prosperity and the health sector will be central to the welfare of the city's population, particularly in the context of ageing. While both education and health are currently world-class, we have flagged up two potential future issues in our report: first, that spending on tertiary education, so central to the production of skills, has not kept pace with overall spending on education; second, that the health sector remains closed to foreign recruitment. The treatment of maladies associated with ageing populations is more labour-intensive than for more youthful populations, and relevant skill shortages are likely to be exacerbated.

9. We conclude the report with two short chapters. The first attempts to extract the principal findings from the report and fit these within a policy framework. While a number of specific recommendations are made, it is more important to try to draw these into a coherent and integrated overall policy agenda. The second concluding chapter identifies synergies between the findings of this report and the ongoing HKSAR Government efforts to develop a population policy for Hong Kong that will be the central plank in that overall policy agenda.

行政摘要

1. 人口高齡化已成爲本港一個重要的政策議題，直接影響我們未來的勞動人口和人力需求，以及長遠競爭力。智經研究中心以「香港至2030年的人口及人力需求」爲題，進行研究。研究報告（下稱「報告」）以本港人口及人力資源的未來發展趨勢爲切入點，爲求所言有據，研究審視了一系列用以制訂政策的相關資料，指出縱使本港在人口高齡化及人口增長放緩的形勢下，勞動人口數目推算至2018年後才開始下跌，而至2030年，勞動人口數目比目前的低約2%。然而，若能鼓勵更多人士（包括男士和女士）延長工作至65歲或以後，將有助緩和勞動人口下降。

2. 研究檢視了本港人口增長的組成部分，包括自然增長及移民。數據顯示，即使本港處於低生育率的年代，自然增長仍然十分重要。不過，在香港出生的嬰兒中，有爲數不少的母親並非本港居民（2005年至2012年間約爲34%至46%）。任何限制她們在港分娩的政策，將會加速香港人口高齡化。另有數據顯示，越來越多第二類嬰兒的父母（即其父母均不是香港永久性居民）受過良好教育，對子女抱有很高期望。對她們施以限制，可能適得其反，無助本港長遠發展。

3. 人口「淨遷移」是本港人口增長的另一個組成部分。報告檢視了本港各入境計劃，以及不同背景的移民人口（包括遷入及離境）情況。高技術人才只佔外來人口一個不顯著的部分。總體來說，外來人口的主要特徵是富流動性及流失率偏高，特別是高技術人才，一般只會在本港作短期居留。高流動性是高技術人才的一項特徵，在其他地方亦然。此現象的形成，一定程度上是由於跨國企業的內部人事調動，以及「獵頭」公司回應市場變化使然。而香港作爲海外企業在港設立地區總部的中心亦對此有一定影響。故此，任何有關政策均須考慮高流失率的問題。

4. 另一個構成外來人口的主要組成部分是外籍家庭傭工。因應低生育率的社會環境，外籍家庭傭工具有潛質接受基礎訓練照顧長者，以應對人口高齡化的情況。

5. 在2013年，約有80萬在港出生的人口，在本港以外的地方居住，主要地區包括加拿大、美國、澳洲及英國。在這些人士當中，爲數不少屬高學歷人才，形同一個龐大的高技術人才庫。憑着他們對香港的熟悉，尤其在語言以及個別技能等層面，若我們能吸納他們，無論作短期性或長期性的居留，可爲本港的未來作出貢獻。

6. 我們亦檢視了本港與內地在經濟及人口方面日益緊密的聯繫。在2010年，約有235,000名本港居民在內地居住，其中75%居於廣東省，有助珠江三角洲新興大型城市區域的形成。除此之外，與2001年相比，2011年在內地居住的經常跨境旅客人數上升了超過兩倍。事實上，本港與內地的融合包括經濟和社會層面，不單止消閒旅遊廣受歡迎，跨境婚姻亦日漸普遍，跨境婚姻誕下的嬰兒很可能成爲本港未來的人力資源。

7. 本港未來勞工需求的方向亦是報告的關注重點。然而，預測未來勞動力的需求時，往往受制於不少未知之數。此等不確定因素不單源於本地、區域以至環球經濟狀況，日新月異的科技，亦會影響各行各業的勞工需求。報告參考了本港過往的經濟結構變化，結合勞工市場特性相關的各項資料，包括就業狀況、教育水平、技能水平及入境身份，審視現時人力需求的預測，以及評估各項影響人力供求的政策。

8. 研究除了以相當篇幅探討本港四大支柱產業的政策方向，更特別關注兩個與香港未來息息相關的關鍵政策領域：教育及醫療。教育界別肩負培育維持本港繁榮發展的人才的重任，而醫療界別更是本港人口福祉的支柱，特別是在人口高齡化此背景下。雖然本港享有世界一流的教育及醫療體系，但仍有兩點值得社會在未來多加關注：第一，高等教育雖是培育技術人才的核心部分，但其所得資源卻未能跟上整體教育支出的增長步伐；第二，醫療界對聘用海外人才仍然保守。隨着人口高齡化，照顧長者服務的需求將會相應增加，相關技能的人才短缺問題亦將進一步惡化。

9. 最後我們以兩個章節總結報告，第10章先按政策框架羅列報告的重點。在提出各項針對性的建議之餘，更重要的是將這些建議整合成一套綜合及具連貫性的施政綱領。第11章則指出報告的重點與政府人口政策諮詢文件的對應之處，有助制訂人口政策，此乃本港整體施政綱領不可或缺的部分。

Table of Contents

Chapter 1: Introduction

1.1 The problem stated

1.1.1 The principal objective of this study is to examine Hong Kong's future population and manpower needs to the 2030s. Almost any discussion of population inevitably leads to controversy and dissenting views. This study will critically review the available evidence on population dynamics in Hong Kong and the impact on the growth of the labour force. In these areas, current public and official concerns appear to centre around a number of issues that can be summarised in the following statements:

- That the population of Hong Kong is going to decline due to a lack of births among its population and that measures need to be taken to reverse this trend.
- That the population is ageing and the labour force will shrink, leaving Hong Kong with significant shortages that may threaten its economic stability.
- That the principal way to fill labour shortages is through importing from outside, that is, through migration.
- That the idea of migration as a solution to the issue gives rise to two further and contradictory concerns:
    1. That it will be difficult to find overseas the skills Hong Kong needs in sufficient amounts to satisfy the demand, and particularly in an era of global competition for such skills.
    2. That migrants coming to Hong Kong will create tensions that impact upon local labour and lead to problems for Hong Kong society and Hong Kong identity.

1.1.2 An element of truth can be found in each one of these statements, although some are more exaggerated than others. The discussion of any issue that deals directly or indirectly with migration tends to touch deep-rooted feelings, with the resulting debate often driven more by ideology and prejudice rather than evidence. Migration issues are politically charged and it is the purpose of this report to examine the evidence to assess all these issues from as broad and dispassionate a point of view as possible.

1.2 Uncertain futures

1.2.1 Any examination of future economic development, population growth and manpower needs is plagued by uncertainty and needs to take into consideration a series of unknowns. If we can identify some of what we do not know, however, we will be better prepared to deal with what is to come in the future. Perhaps the greatest unknown is the direction of the global economy but this study will be concerned primarily with unknowns of more local concern for Hong Kong and will focus on:

- How the labour force is defined and its future growth.
- How the demand for skills will be assessed now and in the future.
- How the supply of skills in Hong Kong will evolve.
- How Hong Kong's labour force will interact with the labour force in neighbouring parts of Mainland China.
- How global and local technological developments will change the nature of future demand for skills and labour.
- Which areas of the economy are likely to be those where Hong Kong can retain the greatest comparative advantage to 2030 and beyond.
- How policy can play a role in solving the problems that arise.
- Where relevant, draw upon overseas experience in dealing with similar issues.

1.2.2 Each of these unknowns will be raised in this report and an assessment made of their likely future directions as can be ascertained from available information and opinion. The report will start with an assessment of what is perhaps the most "known" of the variables that impact upon the topic: the future demographic growth of Hong Kong. It is the most known because the direction of demographic change in terms of fertility and mortality is largely known and because many of those who will be part of Hong Kong's population over the period in question have already been born. Even in the area of future population growth, however, several unknowns exist. The principal unknown that can impact upon a relatively small population such as Hong Kong's is migration, both immigration and emigration, and considerable attention will be directed towards this issue in this report in an attempt to draw recommendations that will assist policy makers in their planning to maintain Hong Kong's dynamism to 2030 and beyond.

1.3 Methodology

1.3.1 The Bauhinia Foundation Research Centre (BFRC) commissioned an international consultant, Professor Ronald Skeldon of the University of Sussex in the United Kingdom and Maastricht University in the Netherlands, to conduct this study to assess Hong Kong's future labour needs in the context of an ageing population, and the extent to which reliance will have to be placed on immigration and importation of labour, so as to enhance Hong Kong's long-term competitiveness.

1.3.2 The study commenced in July 2013 adopting the following methodology:

- Desktop research - to collect and analyse available data on the subject, in particular census, immigration and planning data, both in Hong Kong and elsewhere;
- Attendance at forums - to collect views from different stakeholders through attending forums organised by the Government of the Hong Kong Special Administrative Region (HKSAR Government), Hong Kong General Chamber of Commerce and Hong Kong Coalition of Professional Services;
- Interviews - to interview key stakeholders (including academics, representatives of Hospital Authority, the elderly services sector, local chambers of commerce and recruitment agencies) and representatives of government bureaux/departments to understand their respective roles and their views, concerns and recommendations on relevant issues; and
- Focus group meetings - to deliberate with overseas graduates and representatives of local universities and chambers of commerce issues relating to overseas/Mainland talents including expatriates, students and returnees.

1.3.3 No personal attribution is given in this report to information collected through either the interviews or the focus group meetings. Where particularly salient points were made to the consultant, which were corroborated through other sources, the term "informed opinion" is used in relevant parts of the report.

Chapter 2: Population Change to the 2030s

2.1 Overall demographic trends

2.1.1 The population of Hong Kong is projected to increase from 7.18 million in mid-2013[1] to 8.16 million in mid-2031 (Table 2.1), an increase of 13.6 per cent over the 18-year period. In 2011, the annual rate of growth was just 0.7 per cent, a low rate of growth that reflects the population of Hong Kong having passed through a demographic transition to very low fertility, as well as to low mortality. Total fertility in Hong Kong passed below the replacement level of 2.1 children per woman around 1979 and has been consistently below that level ever since, going to well below half that level at around 0.9 children per woman in the late 1990s and early 2000s before rising to about 1.3 in 2012 (Figure 2.2). Expectation of life at birth for both men and women has risen markedly with that for males in 2011 reaching 80.3 years and for females 86.7 years, up from 72.3 and 78.5 years respectively in 1981 (Table 2.1).

[1] Provisional figure. Source: Latest statistics on population estimates, Census and Statistics Department, HKSAR Government (C&SD).

Table 2.1 – The Basic Demographic Variables, 1961 - 2031

Year	Total Population (mid-year)	Population Growth Rate (over previous year)	Total Fertility Rate	Expectation of Life at Birth	
				Male	Female
1961	3,168,100	3.4%	N/A	N/A	N/A
1971	4,045,300	2.2%	3.46	67.8	75.3
1981	5,183,400	2.4%	1.93	72.3	78.5
1991	5,752,000	0.8%	1.28	75.2	80.7
2001	6,714,300	0.7%	0.93	78.4	84.6
2011	7,071,600	0.7%	1.20	80.3	86.7
2021 (Projected)	7,662,000	0.8%#	1.19	82.2	88.5
2031 (Projected)	8,160,900	0.6%#	1.19	83.5	89.8

Notes:
N/A means “not available”.
Projected average annual growth rate over previous 5-year period.

Sources:
Latest statistics on population estimates, C&SD.
“Hong Kong Population Projections 2012 – 2041”, C&SD.
“Hong Kong Fact Sheets 2013”, Information Services Department, HKSAR Government.

Figure 2.1 – The Basic Demographic Variables, 2031 (Projected)

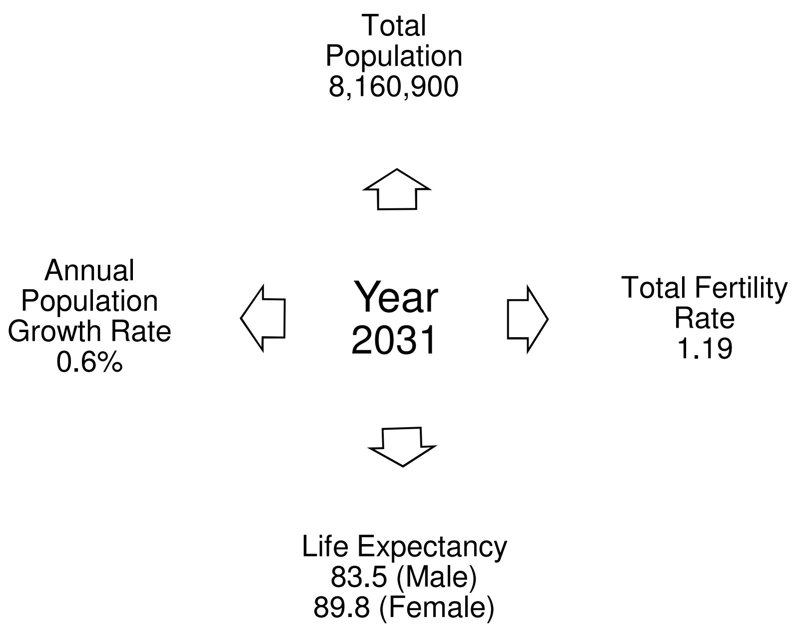
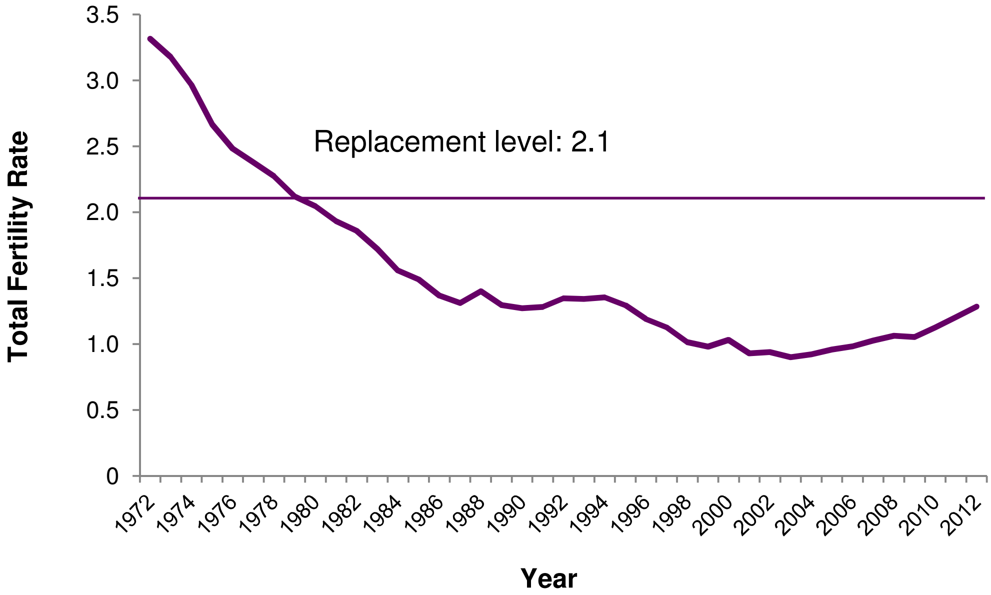


Figure 2.2 – Total Fertility Rate, 1972 - 2012

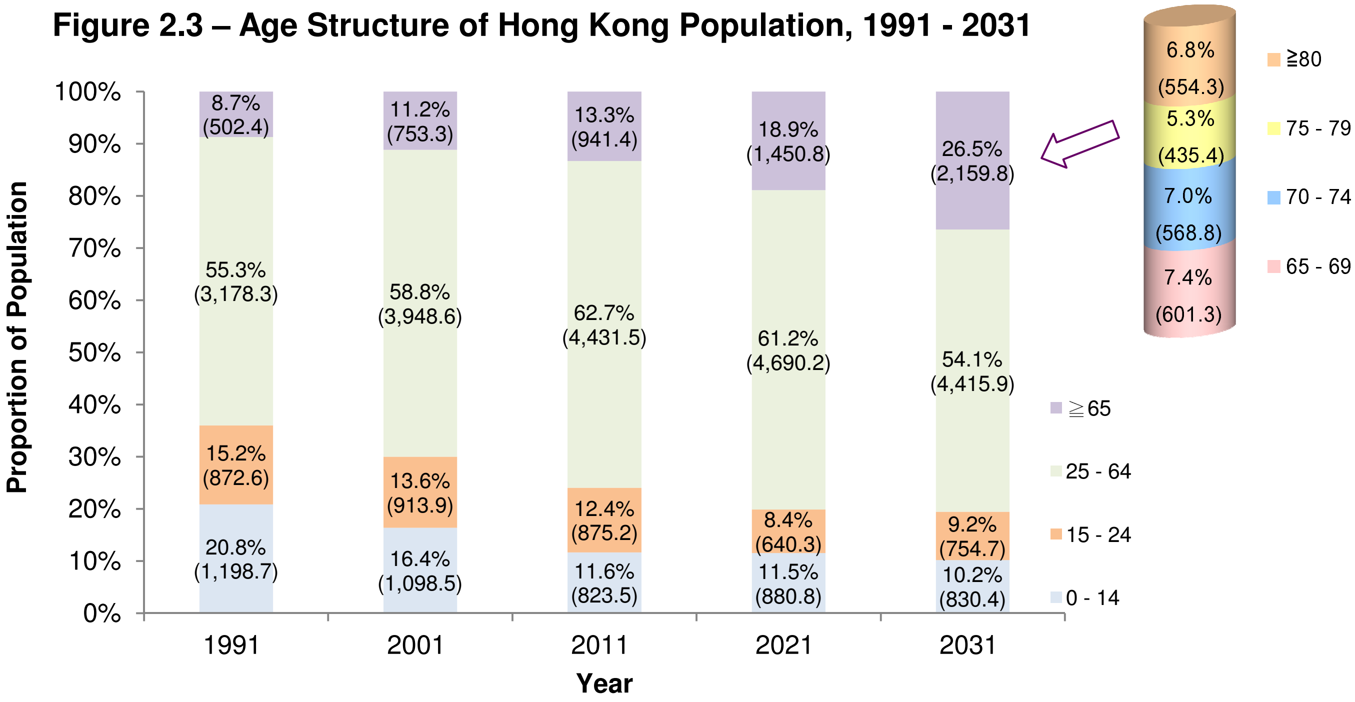


Source: Latest statistics on population estimates, C&SD.

2.2 The emergence of an ageing society

2.2.1 Although people are living longer in Hong Kong, it is the transition to very low fertility that is the main driver of the leading trend of Hong Kong's demography: the emergence of an ageing population. The proportion of the population 65 years of age and older increased from just 8.7 per cent in 1991 to 13.3 per cent in 2011 and is projected to reach 26.5 per cent in 2031 (Figure 2.3). The number of old-old, or those 80 years of age and older, is projected to reach over 550,000, or 6.8 per cent of the population by 2031.

Figure 2.3 – Age Structure of Hong Kong Population, 1991 - 2031

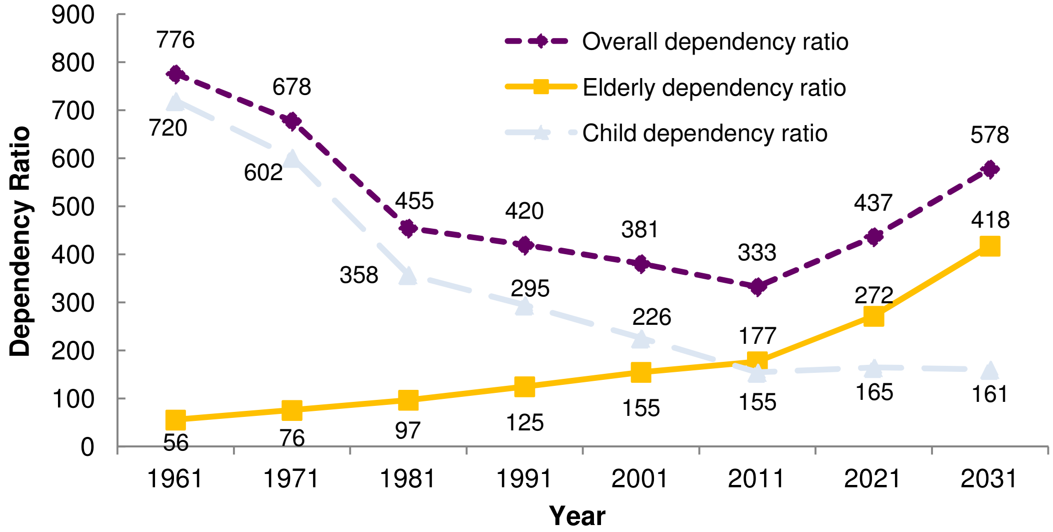


Note: Bracketed figures refer to number of persons in thousands.

Sources:
Latest statistics on population estimates, C&SD.
"Hong Kong Population Projections 2012 – 2041", C&SD.

2.2.2 The growing significance of the ageing population can be seen in Figure 2.4 on dependency ratios. The elderly dependency ratio, measured as the number of elderly per 1,000 persons 15-64 years, was around 177 in 2011. It is projected to reach 272 in 2021 and 418 in 2031. That is, there will be almost one elderly dependent for every two persons in the labour force by that latter date and this has clear implications for the cost of looking after the elderly and who and how that cost is going to be paid. However, it should not be forgotten that the overall dependency ratio in 1961 was less favourable than that projected for 2031, some 776 dependents per 1,000 people 15-64 years compared with the projected 578 in 2031. The critical difference is the changing balance. Then, it was the large number of young people in the population that had to be supported by the labour force that was the major concern. Hong Kong has faced challenges in the past and, although ageing is a challenge for the future, this should not imply that Hong Kong cannot meet the challenge.

Figure 2.4 – Dependency Ratios of Hong Kong Population, 1961 - 2031



Sources:
Latest statistics on population estimates, C&SD.
"Hong Kong Population Projections 2012 – 2041", C&SD.

2.2.3 Hence, the concern that Hong Kong is ageing has clear foundation and is surely one of the major challenges facing the Special Administrative Region (SAR) as it moves towards 2030. However, Hong Kong is not alone as this trend is virtually universal among most highly developed economies today, including several in East and Southeast Asia. In a world that has already passed a population of 7 billion and appears headed for perhaps 10 billion, if recent global projections are to be believed, this transition is surely to be welcomed and any calls to reverse the direction of fertility decline need to be viewed with some scepticism. Nevertheless, unquestionably, the shift towards ageing populations brings challenges.

2.3 Elderly in poverty

2.3.1 In September 2013, one in three of the elderly in Hong Kong was living below the poverty line.[2] However, Hong Kong's three-pillar model to protect the retirement life of the elderly has failed to meet their needs.[3] The Mandatory Provident Fund (MPF) system covers only people with employment, and the accrued retirement benefits are quite small and cannot be withdrawn before the employee reaches 65 years old. It is difficult for the low-income elderly to accumulate sufficient private savings. In 2011, the median monthly income of

[2] "Employment best route out of poverty", Information Services Department, HKSAR Government, 30 September 2013.

[3] Our retirement protection system comprises three pillars: the Mandatory Provident Fund system, voluntary private savings and the non-contributory social security system.

working elderly was $8,500 and the median monthly domestic household income of elderly living alone was $3,000.[4]

2.3.2 As a result, quite a significant number of elderly rely on the safety net, which creates burden on the HKSAR Government and taxpayers. The number of recipients of Comprehensive Social Security Assistance (CSSA) aged 60 and over increased from 159,954 in 2001 to 187,099 in 2011. As at end-2013, the case number of Old Age Living Allowance was 410,043.[5] Moreover, there is a heavy reliance on the public health sector. As of March 2012, over 50% of patients admitted to public hospitals were aged 65 and over.[6] In 2011, the average lengths of stay per patient in the age groups 65-74 and 75 and over were 12.5 days and 17.7 days respectively.[7] The problem is not going to improve considering that people are ageing and there is a shortage of healthcare manpower (discussed in Chapter 9 below).

2.3.3 Meanwhile, a strong demand exists for services and products for senior residents, especially the low-income group. The provision of elderly services and products usually does not meet the demand of elderly singletons and low-income elders.[8] Apart from daily necessities, there is a mismatch of some of the leisure activities designated for the elderly. In view of this, more incentives should be provided to develop the "silver hair market", such as encouraging social enterprises to explore the provision of related products and services. This strategy could also help create more job opportunities for the elderly.

2.3.4 It is crucial to provide better retirement protection for our older people and enhance their life quality. The HKSAR Government and relevant stakeholders should make timely planning before it becomes a cumulative effect and causes more serious future problems.

---

4 "2011 Population Census - Thematic Report: Older Persons", C&SD.

5 A person is eligible for Old Age Living Allowance if he/she: 1) is aged 65 or above; 2) has been a Hong Kong resident for at least seven years and has resided in Hong Kong continuously for at least one year immediately before the date of application; 3) is having an income and assets not exceeding the prescribed limits; and 4) is not in receipt of Old Age Allowance or Disability Allowance under the Social Security Allowance Scheme or assistance under the CSSA. Source: Latest statistics and figures on social security, Social Welfare Department, HKSAR Government (2014).

6 "Hospital Authority Statistical Report (2011-2012)", Hospital Authority (2012).

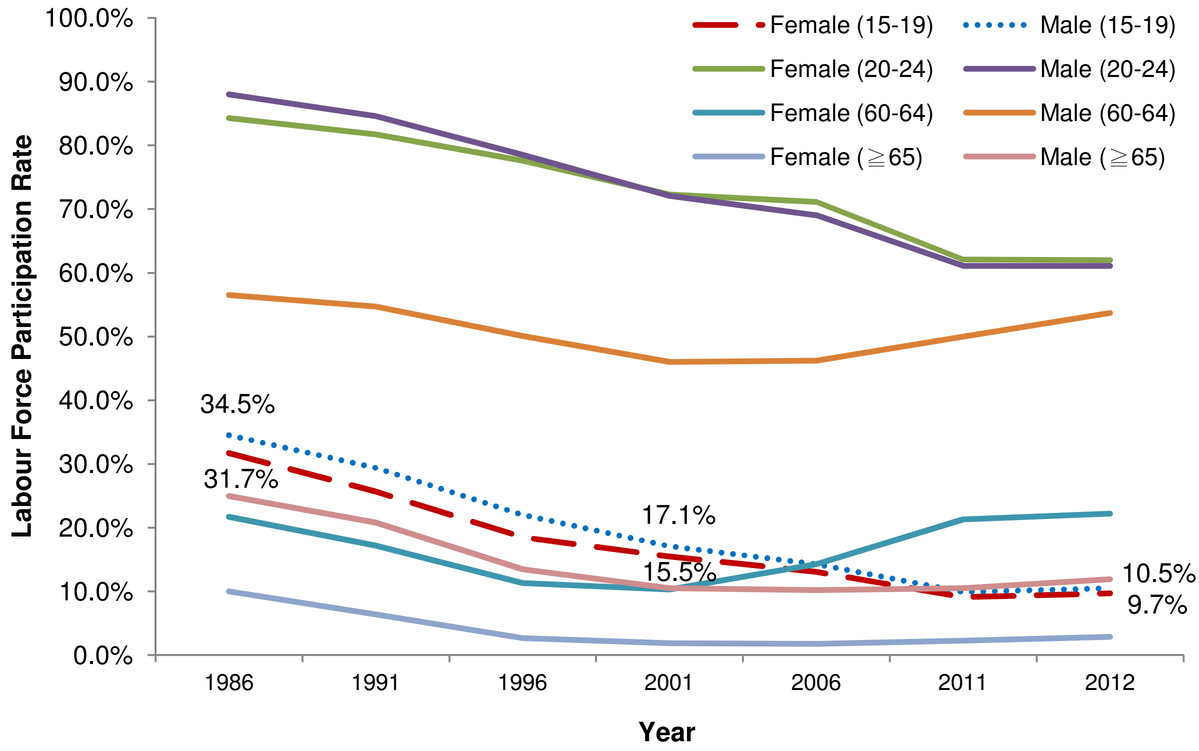
7 Ibid.

8 "Potential of the silver hair market", BFRC, 9 July 2013.

2.4 Is Hong Kong going to run out of workers?

2.4.1 The labour force is that part of a population that is available for work. It is often defined simply on the basis of age as that population 15 to 60, or increasingly, 64 years of age. In Hong Kong, where no universal retirement age exists, it is defined as the population 15 years of age and older but excluding those in education or training. Such an approach brings a much more realistic estimate of the labour force in those younger age groups 15 through 24 age cohorts, which have seen marked declines over recent years as increasing numbers continue with their education and training rather than going into employment. For example, the labour force participation rate for males 15-19 years declined from 34.5 per cent in 1986 to 17.1 per cent in 2001 to 10.5 per cent in 2012 (Figure 2.5). The respective decline for women was from 31.7 per cent in 1986 through 15.5 per cent in 2001 to 9.7 per cent in 2012. Hence, when we think of a decline in the labour force in an advanced economy, it may be due as much to a reduction in people available to work in youthful cohorts because of the demands for them to continue the training necessary to maintain that advanced economy.

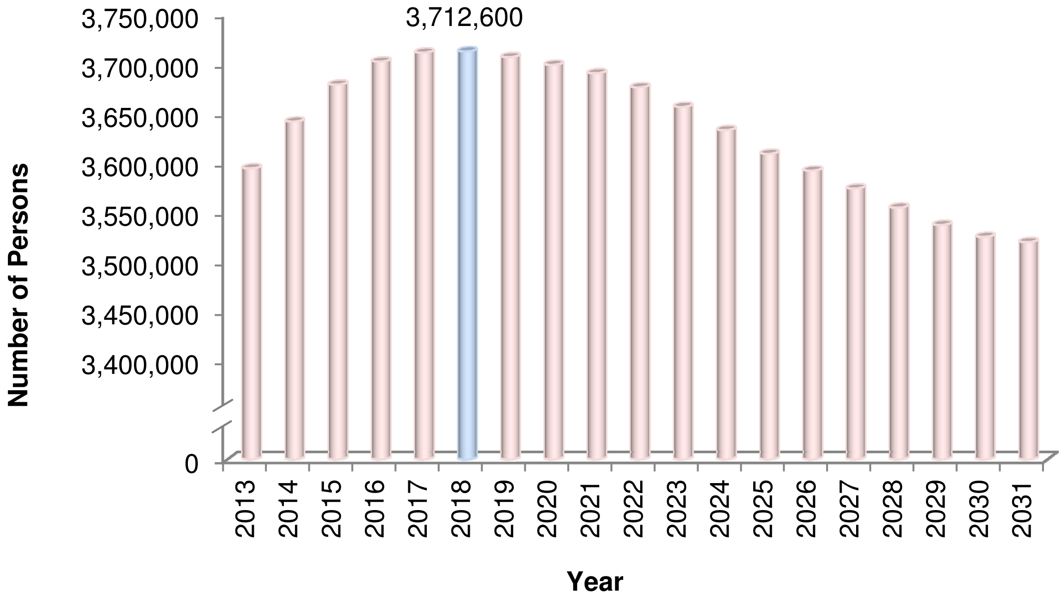
Figure 2.5 – Labour Force Participation Rate by Selected Age Group and Sex, 1986 - 2012



Source: Latest statistics on population estimates, C&SD.

2.4.2 The labour force is projected to grow until 2018, after which year it will slowly decline (Figure 2.6). However, in 2030, it will only be about 2 per cent below its current size.

Figure 2.6 – Projected Labour Force, 2013 - 2031



Source: "Updated Hong Kong Labour Force Projections for 2013 to 2041", C&SD (2013).

2.4.3 It is also worth noting in Figure 2.5 that the labour force participation rates of both men and women in the age group 60-64 years declined in the 1990s and then began to increase. As the population ages, it can be expected that these participation rates will further increase, albeit from the relatively low base (50 per cent for men). Little evidence yet exists to suggest that the proportion above 65 years is continuing in the labour force in any great numbers.

2.4.4 We will return to the discussion of future trends in the labour force after a consideration of the main factors in population change in Hong Kong, but looking at the simple numbers in the age group 25 to 64 shows that they increase to 2021 and then decline slightly to 2031 (Figure 2.3). If we add the population 65 to 69 years to this group, this decline becomes almost marginal, just 116,300 in a cohort of over 5 million. As populations age, the health of older age groups tends to improve, with more people remaining healthy longer. Hence, the immediate and simplest solution is to allow both men and women to work longer and with a policy to encourage a delay in leaving the workforce from 60 towards 70 years.

2.4.5 In implementing policy towards incorporating older cohorts, some care needs to be taken to avoid blanket recommendations that apply to all. Should Hong Kong move towards a mandatory retirement age and/or a universal pension scheme in the years to 2030, several issues need to be carefully considered in the elaboration of any such policy. For example, those in manual occupations may neither be so willing nor able to continue working longer compared with those in white collar occupations. Those in manual occupations may also have begun to work earlier than those in higher status occupations who have spent longer in education and training. Hence, length of working life may have to be taken into consideration when recommending any extension to that life. Also, those in manual occupations tend to be poorer and with lower expectation of life than those in skilled occupations. Again, such factors need to be taken into account in attempts to extend the age limits of the working life.

2.5 Simple numbers deceive

2.5.1 Irrespective of whether it is labour force or simple age groups that are being discussed, the implication is that a certain number of people are required to maintain a certain standard of living. Future development will not be determined by numbers alone. Advances in technology have allowed fewer people to be more productive and a declining and ageing workforce should not necessarily be viewed with concern in the context of a shift towards a knowledge-based economy. While the overall numbers in a population and its structure provide a context, they are unlikely to be the determining factors in how a country or a city will develop. The idea of an optimum ideal population for an area is false as the balance between a population and the resources to support that population is constantly changing, predicated upon how resources are defined and the technologies that are available to exploit them. Nevertheless, population dynamics provide important contextual conditions that policy makers need to understand in order to frame their approaches to development in a more satisfactory way.

Chapter 3: The Components of Population Growth – Natural Increase

3.1 Population: the ultimate resource

3.1.1 Hong Kong has only two clear natural resources: its location as a port and its population. The focus in this report is on population. People provide both the market and the skills and Hong Kong will wish to maintain a sustainable population, which will depend upon both births and migration. This report will first consider births and the contribution of natural increase to Hong Kong's population growth and then go on to consider the contribution made by migration.

3.2 Births in Hong Kong

Table 3.1 – Total Number of Live Births in Hong Kong by Residence Status of Parents, 1993 - 2012

Year	Total Number of Live Births	Of Which Number Born to				
		Non-Mainland Women#	Mainland Women##			
		Spouse Irrespective of Resident Status	Spouse Is			Sub-total
			Hong Kong Permanent Resident (Type I Babies)	Non-Hong Kong Permanent Resident### (Type II Babies)	Others####	
1993	70,451	61,609 (87.4%)	N/A	N/A	N/A	8,842 (12.6%)
1994	71,646	62,379 (87.1%)	N/A	N/A	N/A	9,267 (12.9%)
1995	68,637	61,612 (89.8%)	N/A	N/A	N/A	7,025 (10.2%)
1996	63,291	56,797 (89.7%)	N/A	N/A	N/A	6,494 (10.3%)
1997	59,250	53,420 (90.2%)	N/A	N/A	N/A	5,830 (9.8%)
1998	52,977	46,868 (88.5%)	5,651	458	N/A	6,109 (11.5%)
1999	51,281	44,101 (86.0%)	6,621	559	N/A	7,180 (14.0%)
2000	54,134	45,961 (84.9%)	7,464	709	N/A	8,173 (15.1%)
2001	48,219	40,409 (83.8%)	7,190	620	N/A	7,810 (16.2%)
2002	48,209	39,703 (82.4%)	7,256	1,250	N/A	8,506 (17.6%)
2003	46,965	36,837 (78.4%)	7,962	2,070	96	10,128 (21.6%)
2004	49,796	36,587 (73.5%)	8,896	4,102	211	13,209 (26.5%)
2005	57,098	37,560 (65.8%)	9,879	9,273	386	19,538 (34.2%)
2006	65,626	39,494 (60.2%)	9,438	16,044	650	26,132 (39.8%)

<table>
<tr><th rowspan="4">Year</th><th rowspan="4">Total Number of Live Births</th><th colspan="5">Of Which Number Born to</th></tr>
<tr><th>Non-Mainland Women#</th><th colspan="4">Mainland Women##</th></tr>
<tr><th rowspan="2">Spouse Irrespective of Resident Status</th><th colspan="3">Spouse Is</th><th rowspan="2">Sub-total</th></tr>
<tr><th>Hong Kong Permanent Resident (Type I Babies)</th><th>Non-Hong Kong Permanent Resident### (Type II Babies)</th><th>Others####</th></tr>
<tr><td>2007</td><td>70,875</td><td>43,301 (61.1%)</td><td>7,989</td><td>18,816</td><td>769</td><td>27,574 (38.9%)</td></tr>
<tr><td>2008</td><td>78,822</td><td>45,257 (57.4%)</td><td>7,228</td><td>25,269</td><td>1,068</td><td>33,565 (42.6%)</td></tr>
<tr><td>2009</td><td>82,095</td><td>44,842 (54.6%)</td><td>6,213</td><td>29,766</td><td>1,274</td><td>37,253 (45.4%)</td></tr>
<tr><td>2010</td><td>88,584</td><td>47,936 (54.1%)</td><td>6,169</td><td>32,653</td><td>1,826</td><td>40,648 (45.9%)</td></tr>
<tr><td>2011</td><td>95,451</td><td>51,469 (53.9%)</td><td>6,110</td><td>35,736</td><td>2,136</td><td>43,982 (46.1%)</td></tr>
<tr><td>2012</td><td>91,558</td><td>58,359 (63.7%)</td><td>4,698</td><td>26,715</td><td>1,786</td><td>33,199 (36.3%)</td></tr>
</table>

Notes:
The figures include a very small number of live births to foreign women, which are minor compared to live births to Hong Kong women.
Refers to women from the Mainland who are non-Hong Kong residents.
Refers to spouses who are non-Hong Kong residents or non-permanent residents as defined as having resided in Hong Kong for less than seven years.
The figures include Mainland mothers who chose not to provide the father’s residential status.

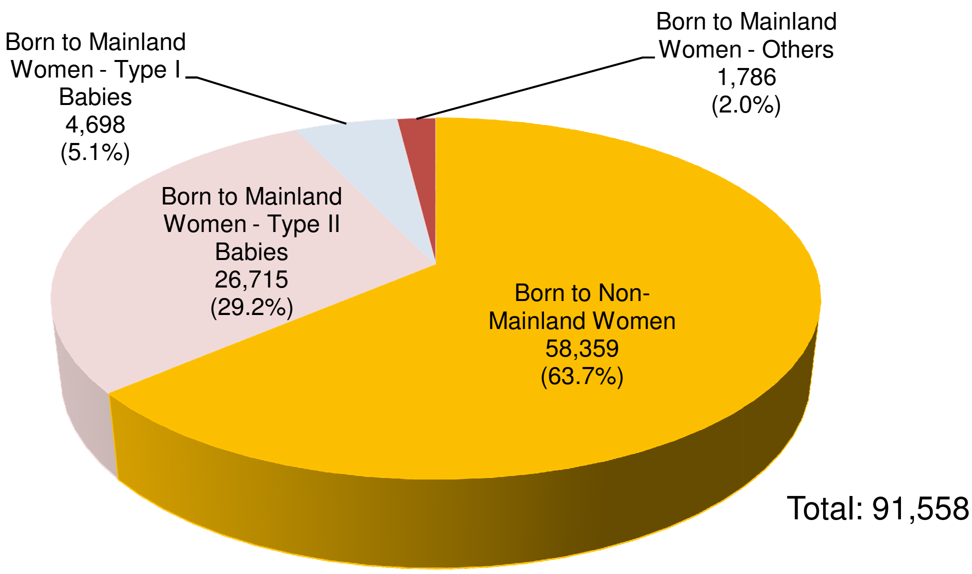
Sources:
“The Fertility Trend in Hong Kong, 1981 to 2012”, C&SD.
Legislative Council of the HKSAR (LegCo) paper on “Right of abode issues of children born in Hong Kong to Mainland parents both of whom are not Hong Kong permanent residents” (2013).

3.2.1 The number of babies born in Hong Kong declined from around 70,000 per annum in 1993 to around 50,000 per annum in the early years of the twenty-first century but increased to 65,626 in 2006 and then steadily to 95,451 in 2011, virtually a doubling in 10 years before declining slightly to 91,558 in 2012 (Table 3.1). However, the marked increase in the absolute number of births has been largely due to the contribution of non-Hong Kong resident women from the Mainland and illustrates one of the difficulties of trying to make projections or even forecasts for Hong Kong’s population: the intimate linkages with the population in neighbouring parts of Mainland China.

3.2.2 The actual number of births to non-Mainland women was 61,609 in 1993, declined to 36,587 in 2004 and then gradually increased to reach 58,359 in 2012. The number of babies born to Mainland mothers who were not Hong Kong residents was 8,842 in 1993, declined to 5,830 in 1997 and then increased to peak at 43,982 in 2011. Here, migration and fertility appear to combine to augment Hong Kong’s population.

3.2.3 These Mainland mothers belong to two categories: those whose spouses are Hong Kong permanent residents and those whose spouses are not; and it is the latter group which has seen the largest growth: from just 458 births in 1998 to a peak of 35,736 in 2011 (these children are known as "Type II babies"), after which a zero delivery quota for such births was implemented in 2013. The number of births to Mainland women whose spouses are Hong Kong permanent residents increased from 5,651 in 1998 to 9,879 in 2005 but then declined gradually to 4,698 in 2012 (these children are known as "Type I babies".

Figure 3.1 – Live Births in Hong Kong, 2012



Source: "The Fertility Trend in Hong Kong, 1981 to 2012", C&SD.

3.2.4 Under the Hong Kong Basic Law, all those born in the SAR have residence rights in the region and are entitled to basic services such as education, health and housing. The critical question revolves around how many of the children will take advantage of that right. A series of government surveys on babies born in Hong Kong to Mainland women carried out from 2007 through 2012 found that between 89 and 97 per cent of Mainland women with a Hong Kong permanent resident spouse intended that their children would live in

Surveys on babies born in Hong Kong to Mainland women

1st round: Jan – Mar 2007
2nd round: Jan – Feb 2009
3rd round: Oct – Dec 2009
4th round: Jan – Jun 2010
5th round: Mar – Apr 2011
6th round: Jan – Feb 2012

Hong Kong eventually.[9] The equivalent percentages for those parents neither of whom were Hong Kong permanent residents varied between 30 and 68 per cent. However, these data are based upon intention and a difference exists between what people say they will do and what they actually do.

3.2.5 The figures are indicative rather than predictive and make the estimation of Hong Kong's future population problematic. Important from a policy point of view is that a growing pool of potential residents has emerged in Mainland China who have the right to live in Hong Kong and hence do not need to enter through any of the existing migration channels. The information on intention cited above suggests that the majority may indeed take up residence in Hong Kong before 6 and before 12 years old for Type I babies and Type II babies respectively, but such intention introduces uncertainty that makes projection of the population problematic. In the latest Hong Kong population projections, it is assumed that 91 per cent of Type I babies and 50 per cent of Type II babies will eventually settle in Hong Kong. Women whose spouses are Hong Kong permanent residents would be allowed to enter Hong Kong to give birth, with the number assumed to be 7,100 per annum from mid-2013.

3.3 The implications of excluding the potential of Type II babies

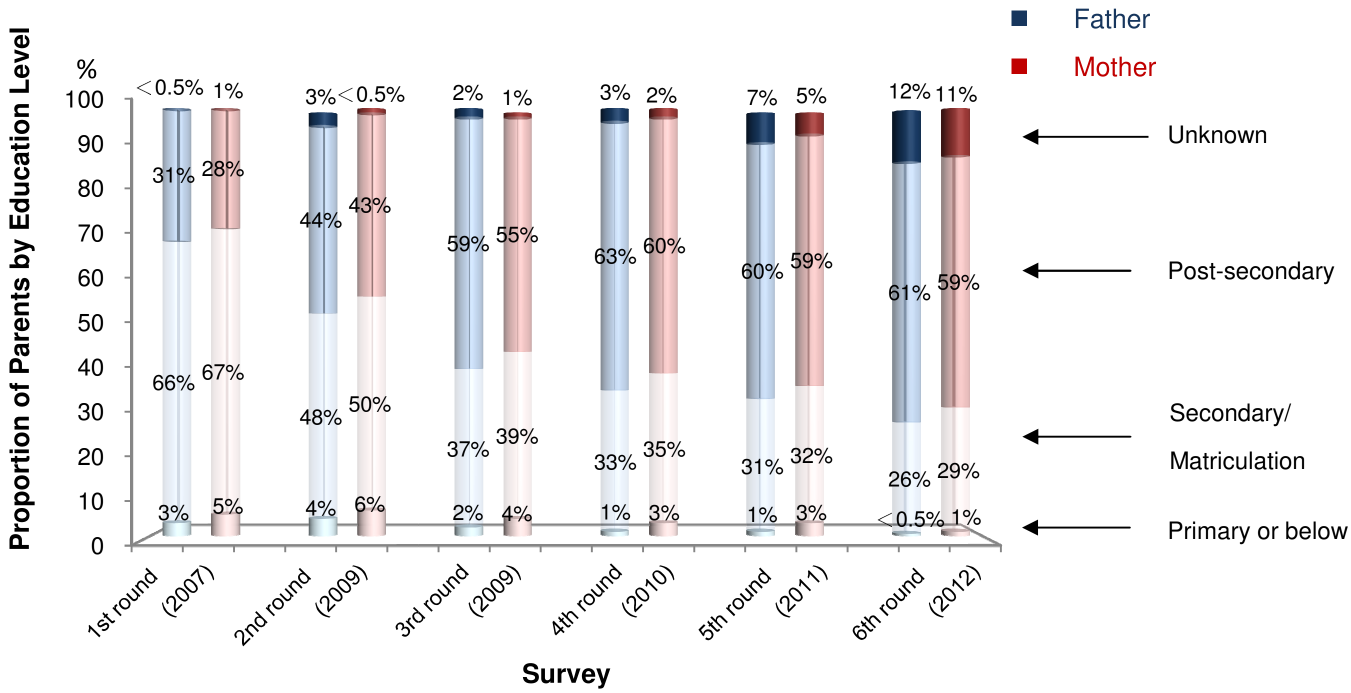
3.3.1 Given the very low fertility of Hong Kong resident women, and the increasing proportion of total births to non-local women, the restriction of these women from giving birth in Hong Kong will exacerbate the ageing of the population, all other factors being equal. Assuming that the majority of the children of non-resident women do follow their parents' intentions, they will go to school in Hong Kong and be socialised into the Hong Kong population, educated to its own standards and form an integral part of any future population of the city. The HKSAR Government continues to monitor the trends in births to non-local women and the return of Type I and Type II babies to incorporate them into successive revisions of the population projections and planning of government services.

3.3.2 The desirability of including the children of these non-local women in the population is enhanced by two trends that have emerged among non-resident parents. First, their levels of education have increased, suggesting that they will be ambitious that their children will also be highly educated. For example, the proportion of fathers of Type II babies with post-secondary education

[9] "Hong Kong Population Projections 2012 – 2041", C&SD.

increased across the six rounds of the survey into non-resident births from 31 per cent in early 2007 to 61 per cent in early 2012 (Figure 3.2). The equivalent education level of mothers, too, increased from 28 to 59 per cent. The respective decreases for fathers with up to secondary education were from 66 to 26 per cent and mothers with up to secondary education from 67 to 29 per cent.

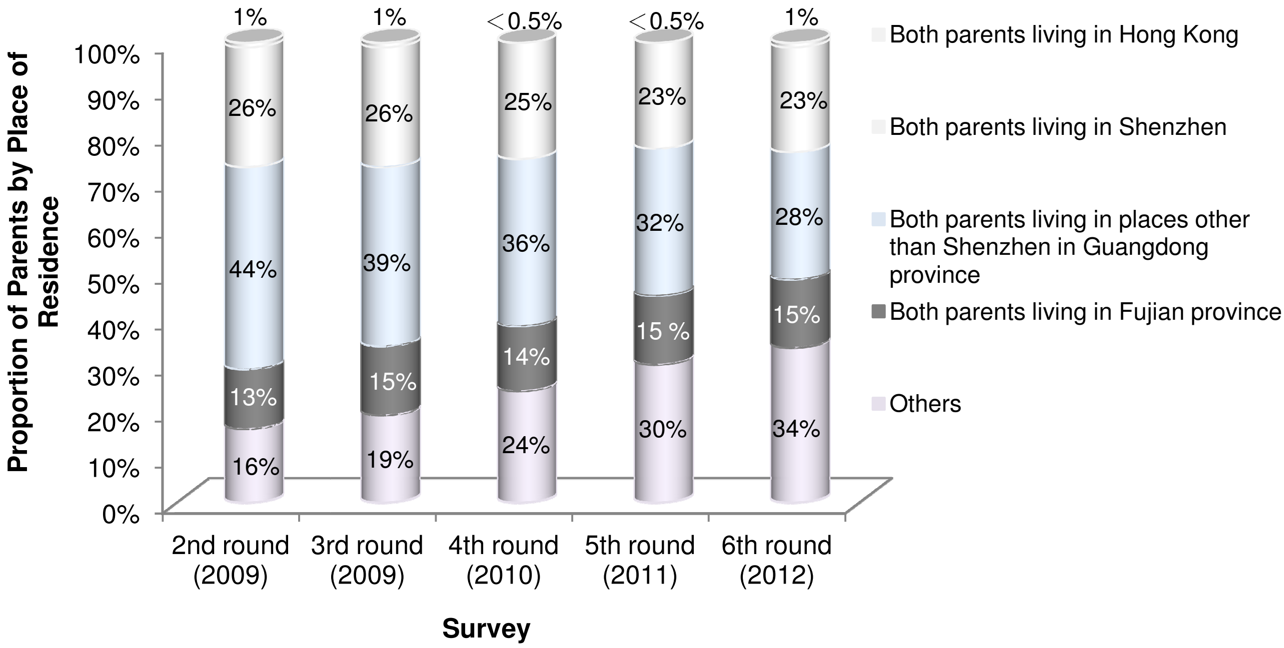
Figure 3.2 – Education Level of Parents of Type II Babies, 2007 - 2012



Source: "Hong Kong Population Projections 2012 – 2041", C&SD.

3.3.3 Second, the usual place of residence of the parents has spread from neighbouring parts of Mainland China to other provinces (Figure 3.3). In 2012, while 23 per cent of parents usually lived in Shenzhen, with another 28 per cent in other parts of Guangdong, and 15 per cent in Fujian Province, fully 34 per cent normally lived in other provinces in Mainland China. This latter percentage had increased from 16 per cent in the second round of the survey in 2009. The pool of potential Hong Kong residents is expanding throughout Mainland China. That this population, and particularly in contiguous areas, may be an important source of future skills from about 2022 onwards will become clearer from the discussions below.

Figure 3.3 – Distribution of Usual Place of Residence of Parents of Type II Babies, 2009 - 2012



Note: C&SD started to collect data on "Percentage distributions of usual place of residence of parents by type of babies" in the second round survey.

Source: "Hong Kong Population Projections 2012 – 2041", C&SD.

3.4 Promote local fertility?

3.4.1 Conversely, it might be thought that programmes to encourage local Hong Kong women to have more children would provide a solution to declining fertility and an ageing population. However, two main considerations have to be borne in mind before policy makers embark upon such a route. First, Hong Kong has never implemented a population policy that has been based upon a strict series of incentives or disincentives as has been the case of Singapore. There, in its policy to lower fertility, the Singapore Government linked access to certain benefits, tax deductions, school places and housing, for example, to the number of children born, with births above a certain number tending to incur penalties. This policy, through the 1960s and into the 1980s, was associated with a sharp reduction in fertility to such an extent that during the 1980s a reversal occurred to introduce measures to raise fertility. Incentives to have children were introduced.[10] From 1.4 in 1986, which until then had been the low point, fertility rose to just under 2.0 in 1988, which seemed a vindication of the policy. However, since then, and despite

[10] See Yap Mui Teng, Singapore: population policies and programmes, in W.C.Robinson and J.A.Ross (eds.), *The Global Family Planning Revolution: Three Decades of Population Policies and Programmes*, Washington, The World Bank, 2007, pp. 201-219.

the pro-natalist policy, fertility in Singapore again declined, reaching 1.2 in 2011.[11] Hong Kong has always pursued a more “voluntary” approach to family formation: making the means of, and advice about, family planning available but leaving the decision to individual couples or women.

3.4.2 The second consideration is that, like the experience of Singapore, evidence for the success of programmes to augment the number of births has been mixed. Those programmes that have had a small upward impact on fertility have not been to create a large enough boost in order to reverse the overall trend towards an ageing society. No highly developed economy has fertility levels above the replacement level of 2.1. Two clear reasons exist for the transition to low levels of fertility: first, the increasing cost of having children. In the United Kingdom, recent estimates place the cost of raising a child to age 18 years at GBP148,105 (approximately HK$2 million), an amount that has outstripped local increases in earnings and benefits.[12] In Singapore, the cost of raising a child from birth to the end of a university first degree is SGD500,000 (approximately HK$3 million).[13] Financial handouts and tax relief generally cannot compensate for such real costs to families. The second reason is the rising status of women who no longer see their future as just housewives but as highly educated members of society competing equally with men in the labour force. It is precisely among young women that a significant part of Hong Kong’s future talent will be found.

3.4.3 Those programmes that have had a positive impact on fertility have been those that have been less directive in nature and have focused on improving the environment in which to have children. Such programmes have placed emphasis on indirect policies such as the provision of longer parental leave or better and affordable child-care provision for working parents. In Hong Kong, the availability of affordable housing of an appropriate size would also be an important consideration.

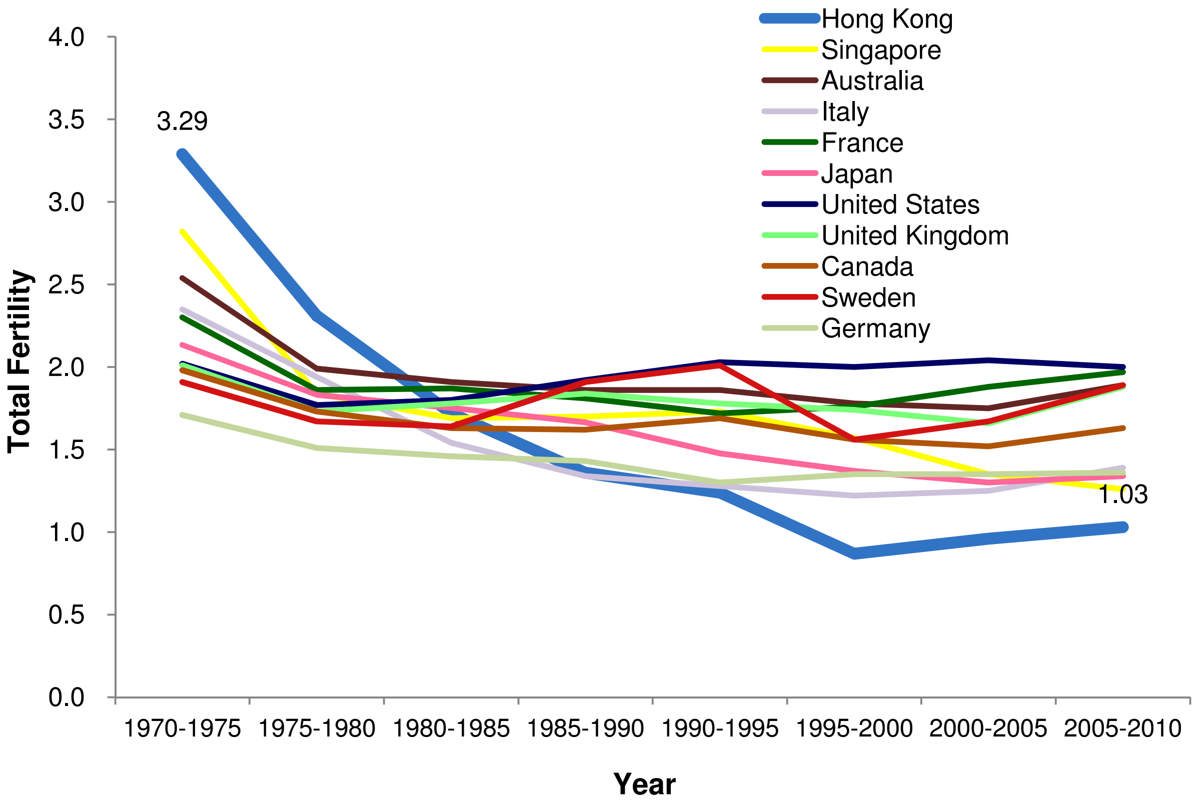
3.4.4 If Hong Kong is to embark on any such programme, it will generate a demand for care-givers that may not be met locally and has implications for the importation of workers with appropriate skills. It can be argued at present that such skills are being met by foreign domestic helpers but these may not necessarily have the necessary skills. Hence, the importation of care workers for both the young and the old, and the qualifications that they need,

[11] “Population Trends 2013”, Singapore Department of Statistics.
[12] “The Cost of a Child 2013”, Child Poverty Action Group, UK (2013).
[13] “The $900,000 Singapore child”, *The Straits Times*, 15 February 2013.

are likely to become an important future policy issue for Hong Kong, an issue addressed in Chapter 5 of this report.

3.4.5 As seen above (Table 3.1), the births to Mainland women had become a significant component of Hong Kong's births at 46.1 per cent in 2011. In London in 2011, 56.7 per cent of births were to foreign-born women, with one in four babies in the United Kingdom as a whole falling into this category.[14] Across the developed world, marginal increases in fertility can be observed (Figure 3.4). None, however, brings levels back to anywhere near replacement level and many can at least be partially explained by the increasing presence of migrant groups: Hispanics in the United States and Poles and South Asians in the United Kingdom, for example. The role of migration in slowing or even marginally reversing fertility declines needs to be appreciated, and any programmes to exclude migrant women need to be critically evaluated in the context of future demographic growth. The links between migration and future reproductive capacity need to be carefully assessed and appreciated.

Figure 3.4 – Trends in Total Fertility in Selected Places in the Developed World, 1970 - 2010



Source: "World Population Prospects: The 2012 Revision", the United Nations (2012).

---

[14] "Statistical Bulletin - Births in England and Wales by Parents' Country of Birth, 2011", Office for National Statistics, the United Kingdom (2012).

3.5 Components of population change in Hong Kong: three scenarios

3.5.1 There are just two components of population change in any population: natural increase and net migration. The balance between the number of births and the number of deaths in any population gives the natural increase and the balance between in and out migrations gives the net migration. Within this apparent simplicity lie a host of hidden pitfalls. For Hong Kong, as seen above, the calculation of the number of births is problematic and, as will be seen in Chapter 4 below, the calculation of immigration and emigration is even more problematic: so problematic that net migration is often calculated as a residual by subtracting the natural increase from a projected total population. The natural increase and net migration, or "net movement", for Hong Kong by year from 1981 to 2011 are given in Table 3.2.

Table 3.2 – Components of Population Growth by Year, 1981 - 2011

Reference Time-point (Mid-year)	Population ('000)	Population Growth ('000)	Population Growth Rate (%)	Births ('000)	Deaths ('000)	Natural Increase ('000)	Net Movement ('000)
1981	5,183.4	120.3	2.4	86.6	24.1	62.5	57.8
1982	5,264.5	81.1	1.6	87.8	25.3	62.5	18.6
1983	5,345.1	80.6	1.5	85.2	26.6	58.6	22.0
1984	5,397.9	52.8	1.0	80.8	25.8	55.0	- 2.2
1985	5,456.2	58.3	1.1	77.6	25.1	52.5	5.8
1986	5,524.6	68.4	1.3	75.0	25.5	49.5	18.9
1987	5,580.5	55.9	1.0	71.3	25.8	45.5	10.4
1988	5,627.6	47.1	0.8	70.3	27.8	42.5	4.6
1989	5,686.2	58.6	1.0	76.3	28.0	48.3	10.3
1990	5,704.5	18.3	0.3	70.8	28.8	42.0	- 23.7
1991	5,752.0	47.5	0.8	69.5	28.4	41.1	6.4
1992	5,800.5	48.5	0.8	71.7	30.7	41.0	7.5
1993	5,901.0	100.5	1.7	72.8	30.2	42.6	57.9
1994	6,035.4	134.4	2.3	71.5	30.0	41.5	92.9
1995	6,156.1	120.7	2.0	71.7	30.8	40.9	79.8
1996	6,435.5	154.9	2.5	66.9	31.3	35.6	119.3
1997	6,489.3	53.8	0.8	63.5	31.5	32.0	21.8
1998	6,543.7	54.4	0.8	55.2	32.3	22.9	31.5
1999	6,606.5	62.8	1.0	52.1	33.0	19.1	43.7
2000	6,665.0	58.5	0.9	51.1	34.1	17.0	41.5
2001	6,714.3	49.3	0.7	53.1	32.5	20.6	28.7

Reference Time-point (Mid-year)	Population ('000)	Population Growth ('000)	Population Growth Rate (%)	Births ('000)	Deaths ('000)	Natural Increase ('000)	Net Movement ('000)
2002	6,744.1	29.8	0.4	47.1	34.3	12.8	17.0
2003	6,730.8	- 13.3	- 0.2	48.6	36.1	12.5	- 25.8
2004	6,783.5	52.7	0.8	46.1	36.6	9.5	43.2
2005	6,813.2	29.7	0.4	54.1	38.7	15.4	14.3
2006	6,857.1	43.9	0.6	60.3	36.9	23.4	20.5
2007	6,916.3	59.2	0.9	67.4	38.8	28.6	30.6
2008	6,957.8	41.5	0.6	75.0	41.2	33.8	7.7
2009	6,972.8	15.0	0.2	81.3	40.5	40.8	- 25.8
2010	7,024.2	51.4	0.7	84.7	42.1	42.6	8.8
2011	7,071.6	47.4	0.7	95.3	42.7	52.6	- 5.2

Source: “Demographic Trends in Hong Kong 1981–2011”, C&SD.

3.5.2 The annual figures suggest that natural increase dominated Hong Kong’s population growth until 1992, after which time net migration became the more important component until 2004, with the exception of two years, 1997 and 2003, after which natural increase again came to dominate the growth (except for one year in 2007). However, such an interpretation is deceptive and, as will be seen, the absolute flows of migration can be significant and play a major role even though the net figure appears quite small. However, it is in the calculation of the natural increase with which we are first concerned as the apparent rise in the component of natural increase after 2005 has clearly been impacted by the Type I and Type II babies (Table 3.1).

3.5.3 In order to try to assess the importance of the two components of population change, eliminate fluctuations from year to year, and link as closely as possible to actual counts of population, the data for the last intercensal period 2006-2011, adjusted to mid-year, are used, together with the birth and death data to generate three scenarios (Figure 3.5 and Table 3.3). The three scenarios are the following:

Figure 3.5 – Three Scenarios

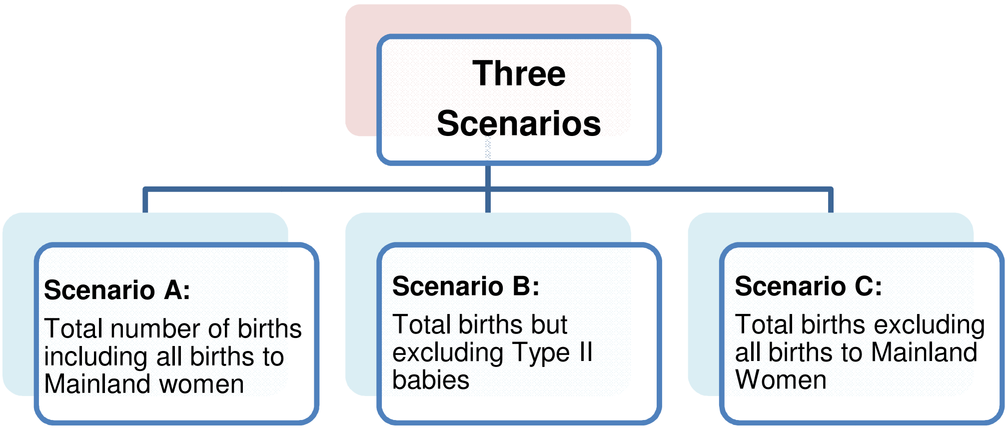


Table 3.3 – Natural Increase in Hong Kong: Three Scenarios, mid-2006 to mid-2011

Year	Number of Deaths (I)	Number of Live Births (II)	Natural Increase A (II - I)	Births excluding Type II Babies (III)	Natural Increase B (III – I)	Births excluding Births to Mainland Women (IV)	Natural Increase C (IV – I)
2006	18,729	32,813	14,084	24,791	6,062	19,747	1,018
2007	39,476	70,875	31,399	52,059	12,583	43,301	3,825
2008	41,796	78,822	37,026	53,553	11,757	45,257	3,461
2009	41,175	82,095	40,920	52,329	11,154	44,842	3,667
2010	42,194	88,584	46,390	55,931	13,737	47,936	5,742
2011	21,173	47,726	26,553	29,858	8,685	25,735	4,562
Total	204,543	400,915	196,372	268,521	63,978	226,818	22,275

Note: Births and deaths are assumed to be evenly distributed throughout the year and are halved to give the figures for the last half of 2006 and the first half of 2011.

Sources:
"Hong Kong Population Projections 2012 – 2041", C&SD.
LegCo paper on "Right of abode issues of children born in Hong Kong to Mainland parents both of whom are not Hong Kong permanent residents" (2013).

3.5.4 In Scenario A, the natural increase over the five-year period was 196,372. This is clearly unrealistic given that most Type II babies will return to Mainland China for at least 3 and probably up to 6 years. When all Type II babies are excluded to give Scenario B, the natural increase comes down to 63,978. Excluding all births to Mainland mothers, Scenario C, gives a natural increase of just 22,275 over the five-year period. Scenario C is artificially low as it excludes all babies whose fathers are permanent residents who may have their wives living with them in Hong Kong for less than the seven years required to acquire permanent residency, or whose wives travel regularly to Hong Kong on two-way permits to look after their children.

3.5.5 Hence, the component of natural increase varies from a notional maximum of 196,372 in Scenario A to a minimum of 22,275 in Scenario C. While the "real" number will probably be closer to that in Scenario B, a substantial element of uncertainty is introduced into the equation that clearly impacts upon the estimation of the other component of population increase, which is net migration. From the population census figures of 2006 and 2011, the total population increase over the five-year period from mid-year 2006 to mid-year 2011 was 214,500.[15] Any difference between the observed population increase and the natural population increase is assumed to be the result of net migration. Thus, in the case of Scenario A, there was little net migration, only +18,128, but in the case of Scenario C it was +192,225.

[15] "Demographic Trends in Hong Kong 1981–2011", C&SD.

Chapter 4: Migration in Hong Kong's Development

4.1 The background to Hong Kong's migration

4.1.1 From its foundation, Hong Kong was the creation of migration. The Chinese coast had been cleared of people to a distance of 10 miles during the early Ching dynasty from 1662 to 1669; and the areas around what became Hong Kong were gradually resettled by Cantonese and Hakka agricultural peoples, as well as by Tanka boat people. The city itself was established by British migrants from 1841 and, ever since, people from Mainland China have entered and left in great numbers determined primarily by two factors: events on the Mainland, and the demand for labour elsewhere. Periods of political instability tended to push people in Mainland China towards Hong Kong, although much of that movement was short-term or circular, further binding Hong Kong into its hinterland in the Mainland.

4.1.2 As a port, Hong Kong became a conduit for millions of Chinese on their way to Southeast Asia, North America and Australia, with over six million leaving up to 1939.[16] This migration, by establishing linkages between Hong Kong and points around the globe, laid a critical foundation for Hong Kong's later prosperity and its later patterns of migration.

4.1.3 After the momentous interchanges of population brought about by the events around the Second World War and then the foundation of the People's Republic of China in 1949, natural increase became the principal component of population growth from the 1950s until the mid-1970s. The high fertility and declining mortality of the time accounted for 63 per cent of growth in the 1950s, 87 per cent of the growth in the 1960s and 74 per cent of the growth from 1971 to 1976.[17]

4.2 Net migration as a component of population growth

4.2.1 A net figure irrespective of its magnitude is not a particularly meaningful measure of migration as it is simply the balance between movement in and

[16] The doyenne of historical migration from Hong Kong is Elizabeth Sinn. See Emigration from Hong Kong before 1941: general trends, in Ronald Skeldon (ed.), *Emigration from Hong Kong: Tendencies and Impacts*, Hong Kong, Chinese University Press, 1995, pp. 11-34. For a fuller and more recent account, see Elizabeth Sinn, *Pacific Crossing: California Gold, Chinese Migration and the Making of Hong Kong*, Hong Kong, Hong Kong University Press, 2013.

[17] Ronald Skeldon, Hong Kong and its hinterland: a case of international rural-to-urban migration, *Asian Geographer*, vol. 5(1), 1986: 1-24.

movement out of any area. It does not give any indication of the absolute numbers of migrants into and out of that area which generate the net figure. In a hypothetical case where no emigration exists, the net figure would indeed indicate the volume of immigration but this situation never exists, and particularly in Hong Kong, which is an open city with considerable migration into and out of its borders. Finding robust data on these movements into and out of Hong Kong is indeed a challenge but one that must be faced if an idea of future trends is to be attempted. Again, and to reinforce a point made earlier in the report, the issue is not just about numbers (in this case, numbers of people moving in) but it is more the composition of the various flows in terms of age, gender, education and skills.

4.3 Patterns of recent immigration

4.3.1 Two main sources of data exist for the study of recent migration: the database of Immigration Department, which focuses on applications approved, and the population censuses under Census and Statistics Department, which focus on headcounts of people defined by birthplace or last place of residence. Although information is gathered on entrants to Hong Kong, no detailed exit records of movement from Hong Kong are kept. Clearly, too, that latter department is also responsible for the compilation of data on births and deaths.

4.3.2 The data presented in Table 3.2 suggest that natural increase remained the principal component of growth until 1992. However, immigration as a component was to some extent counterbalanced by a "window" of high emigration from 1987 until 1997 (Figure 6.1 in Chapter 6 below). During the first half of this period, net migration was kept low but then increased from 1993 to reach a peak in 1996. Since then, net migration has declined, with some fluctuations to have been very low or even negative in 2003 and from 2008. The financial crisis clearly had a major impact on migration towards Hong Kong, as well as causing an increase in outmigration.

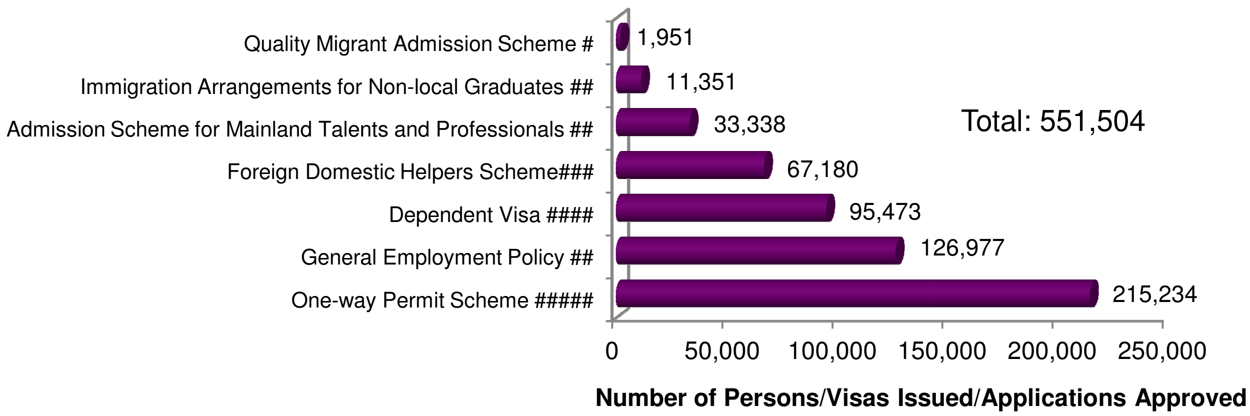
4.3.3 Migration has played a major role in Hong Kong's growth over the previous decades. In the 1960s, 1970s and into the 1980s, the colonial government was concerned about the volume of immigration from the Mainland. The concern through the late 1980s until the early 1990s was emigration and a fear that a brain drain of the best and brightest would undermine the fabric of Hong

Kong's economy and society.[18] A government task force was set up in response to the perceived crisis but, by 1993, net migration returned strongly positive. The persistent low fertility described above will almost certainly see the trend towards the return of the dominance of immigration as a component of Hong Kong's population growth continue to 2030 and beyond. However, emigration continues in various ways and will be considered in more detail in Chapter 6 of this report.

4.4 Immigration to Hong Kong: the channels

4.4.1 The primary data refer to the annual inflows to Hong Kong and the principal channels are identified in Figure 4.1. In the following section, only the various channels of entry will be discussed and not the actual numbers of migrants.

Figure 4.1 – Principal Channels of Immigration to Hong Kong, mid-2006 to mid-2011



Notes:

The figures for 2006 and 2011 are assumed to be evenly distributed throughout the year and are halved to give the figures for the last half of 2006 (except "Quality Migrant Admission Scheme" which commenced in June 2006) and the first half of 2011.

"Immigration Arrangements for Non-local Graduates" was launched in 2008.

Number of quotas allotted.

Number of applications approved.

This is a net figure based on the increase in the absolute number of foreign domestic helpers (FDHs) over the period 2006-2011. It does not indicate the actual number of entrants. FDHs cannot obtain right of abode even after residing in Hong Kong for seven years.

Number of visas issued.

Number of one-way permit holders under the One-way Permit scheme.

Sources:

"Annual Report", Immigration Department (2006 - 2011).

"Thematic Report: Persons from the Mainland having resided in Hong Kong for less than 7 Years", C&SD (2011).

"Women and Men in Hong Kong Key Statistics", C&SD (2013).

[18] Much of that concern was misplaced and is assessed in the essays in Ronald Skeldon (ed.), *Emigration from Hong Kong: Tendencies and Impacts*, Hong Kong, Chinese University Press, 1995 and Ronald Skeldon (ed.), *Reluctant Exiles? Migration from Hong Kong and the New Overseas Chinese*, Armonk, M. E. Sharpe, 1994.

4.4.2 The channels of immigration are the legal means through which people can legally enter Hong Kong and are mainly made up of the various talent admission schemes, and the One-way Permit (OWP) scheme for Mainland immigrants discussed in paragraphs 5.2.1 and 5.2.2 below. Over 269,000 applications/visas were approved/issued under the various schemes for overseas and Mainland talents (General Employment Policy (GEP), Admission Scheme for Mainland Talents and Professionals (ASMTP), Immigration Arrangements for Non-local Graduates and Quality Migrant Admission Scheme) and for their dependents[19] during the five-year period from mid-2006 to mid-2011 (Figure 4.1).

4.4.3 From the point of view of measuring migration, the above channels omit all those who do not have to apply for access to Hong Kong. That is, those who already have the right to enter Hong Kong, such as the Type I and Type II babies discussed earlier, and also Hong Kong permanent residents who have left and then returned to take up a position in Hong Kong. Some insight on the number who might fall into this latter category can be obtained from other sources to be discussed in Chapter 6 of this report.

4.4.4 The data are indicative of a considerable immigration. If we return to our discussion of the importance of natural increase in section 3.5 above, we saw that the population of Hong Kong had increased by 214,500 between mid-2006 and mid-2011. The best estimate of the component of natural increase was somewhere in the region of that given in Scenario B, or around 64,000 between 2006 and 2011, which implies a net migration of around 150,000.

4.4.5 The OWP channel, which added 215,234 immigrants between 2006 and 2011, gives an addition to the population of more than the total estimated net migration, even without considering all the entries in the other channels. Hence, the evidence we have points to a significant immigration during the period that must have been accompanied by a significant out migration in order to generate the net migration of around 150,000 over the period that was estimated in the previous paragraph.

[19] Dependents of the following persons are not prohibited from taking up employment: i) Hong Kong permanent residents; ii) persons who are not subject to a limit of stay (i.e. residents with the right to land or on unconditional stay); iii) persons who have been admitted for employment (as professionals, for investment to establish/join in business or for training); and iv) entrants under the Capital Investment Entrant Scheme or the Quality Migrant Admission Scheme. However, dependents of persons who have been admitted into the SAR to study are prohibited from taking up employment in the SAR unless they have obtained prior permission from the Director of Immigration.

4.4.6 The total number of Hong Kong residents who are recorded as having emigrated over the period was only 42,700[20], meaning that large numbers of the 2006 Hong Kong population, as well as entrants during the period, must have left, returned home or moved on to a third destination.

4.5 Hong Kong a highly mobile population[21]

4.5.1 It must be emphasised that these figures are indicative rather than definitive, but they seem to suggest a substantial turnover in certain sectors of the population. Supportive information of a considerable turnover in population comes from the 2011 Population Census. The population born "elsewhere" in 2011 was 525,533, almost 60 per cent of whom, some 309,689 people, had arrived in the previous 10 years (Table 4.1). However, when we look at the population born elsewhere in 2001 the number was 439,924, showing an increase in this category over the 10 years to 2011 of just 85,609. Hence, large numbers must have left (including some deaths, although these would be small) in order to make these two sets of figures consistent. The 2011 census data also show that 215,844 of those born elsewhere had been in Hong Kong for 10 years or more. Hence, we can conclude that only about half of the 2001 population of those born elsewhere had "survived" in Hong Kong to be registered in the 2011 Population Census, suggesting a very high turnover in this population. The contrast with the Hong Kong-born and Mainland China-born populations is clear, as the majority of these populations "survive" in Hong Kong over the period.

[20] This figure is estimated from the data in Figure 6.1 in Chapter 6 of this report, taking the total for the 6 years from 2006 to 2011 but only half of the estimates for 2006 and 2011 on the assumption that emigrants are spread equally throughout the year.

[21] A collection of essays that examines the mobility of the Hong Kong population is H. F. Siu and A. S. Ku (eds.), Hong Kong Mobile: Making Global Population, Hong Kong, Hong Kong University Press, 2008.

Table 4.1 – Population by Duration of Residence in Hong Kong by Place of Birth, 2001 and 2011

Duration of Residence (Year)	Place of Birth							
	Hong Kong		Mainland China/ Macao/Taiwan		Elsewhere		Total	
	Number	%	Number	%	Number	%	Number	%
2001								
<1	55,817	1.4	52,879	2.3	56,197	12.8	164,893	2.5
1 – 3	159,018	4.0	139,369	6.2	101,037	23.0	399,424	6.0
4 – 6	205,365	5.1	148,146	6.5	78,107	17.8	431,618	6.4
7 – 9	207,967	5.2	94,693	4.2	53,847	12.2	356,507	5.3
≥10	3,376,727	84.3	1,828,484	80.8	150,736	34.3	5,355,947	79.8
Total	**4,004,894**	**100.0**	**2,263,571**	**100.0**	**439,924**	**100.0**	**6,708,389**	**100.0**
2011								
<1	66,220	1.5	24,262	1.1	64,019	12.2	154,501	2.2
1 – 3	155,483	3.6	92,676	4.1	125,369	23.9	373,528	5.3
4 – 6	140,187	3.3	123,387	5.4	71,150	13.5	334,724	4.7
7 – 9	139,333	3.3	141,647	6.2	49,151	9.4	330,131	4.7
≥10	3,776,903	88.3	1,885,945	83.2	215,844	41.1	5,878,692	83.1
Total	**4,278,126**	**100.0**	**2,267,917**	**100.0**	**525,533**	**100.0**	**7,071,576**	**100.0**

Source: 2011 Population Census, C&SD.

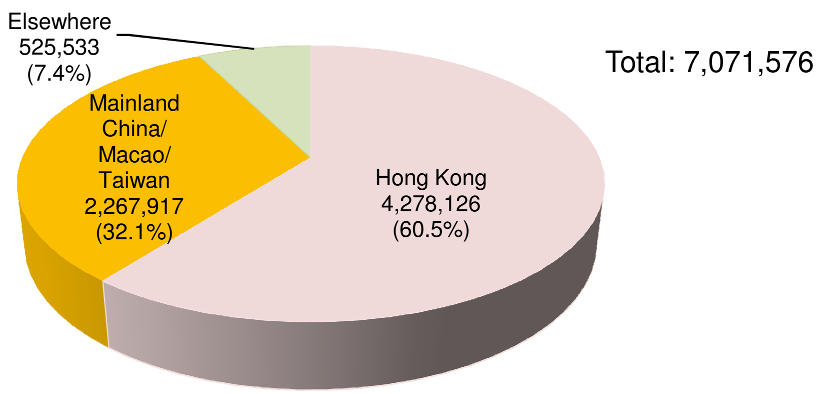
4.5.2 Nevertheless, 41.1 per cent of those born "elsewhere" in 2011 had been in Hong Kong for 10 years or more, up from 34.3 per cent in 2001, suggesting a significant and growing "core" of long-term expatriates, even if a larger number of short-term "transients" exists. A "churning" of sectors of the population is suggested, with many thousands leaving while others arrive. Hence, any policy measures must not assume that Hong Kong simply has to attract migrants to fill positions. It has constantly to replace existing workers in a continuously flowing population. As will be seen in paragraph 4.5.4 below, to this flow must also be added many Hong Kong-born.

4.5.3 The data in Table 4.1 are also indicative of some kind of turnover among Mainland China/Macao/Taiwan born. The number of people born in this category with a residence of less than 5 years is around 158,000.[22] Given

[22] Calculated by summing those in the less than 1 year, 1-3 years and one third of those in the 4-6 years categories in 2011.

that it is known that some 215,000 entered under the OWP scheme over this period plus thousands under other Mainland-related schemes, this figure seems problematic. Assuming no enumeration error with these data, they suggest that an unknown but substantial number of those who entered under the OWP scheme subsequently left Hong Kong, with the logical assumption that they returned to the Mainland where the cost of living is lower. This specific and counterintuitive issue requires further investigation but the whole nature of Hong Kong-Mainland linkages is given further consideration in Chapter 7 of this report.

Figure 4.2 – Hong Kong Population by Place of Birth, 2011



Source: 2011 Population Census, C&SD.

4.5.4 The data from the 2011 Population Census also provide information on place of residence five years before the census (Appendix 1). Some 130,056 permanent residents of Hong Kong 5 years of age and older, just 2 per cent of that population, were resident outside the SAR in 2006. Just over half were living in the Mainland at that time, some 66,682, but some 43,028 were living in Australia, Canada, the United Kingdom or the United States, representing a small number of return migrants to Hong Kong from these countries. Again, the turnover of expatriates and foreign domestic helpers, as defined as the non-permanent residents, is suggested, with fully 51 per cent of that population in 2011 living elsewhere five years previously. Although the largest number of these non-residents lived in Mainland China in 2006, and was made up presumably of Chinese citizens, the figure excludes those Chinese who had arrived on OWPs over the intervening period.

4.5.5 This assessment of migration shows that it remains a significant part, and, as will become apparent below, increasingly the most significant part, of Hong

Kong's demography. The movements in and out of any city in a global economy are an integral part of that city's openness to finance and trade.

Chapter 5: Immigration – the Regions of Origin

5.1 International and "internal" migrations

5.1.1. The World Bank database on international migration records 38.8 per cent of Hong Kong's population around 2010 as made up of international migrants, a very high proportion by global standards.[23] However, also by global standards, this figure is highly deceptive. At the highest level of generalisation, migration to Hong Kong can be divided into two streams: that from Mainland China plus Macao and Taiwan; and that from all other origins. Using the Hong Kong population census data from 2011, some 2,267,917 persons fell into the former category while 525,533 were born "elsewhere", or 32.1 and 7.4 per cent of the population respectively (Table 4.1). That is, 39.5 per cent of Hong Kong's population in 2011 could be defined as "migrant", which is very similar to the World Bank estimate. Nevertheless, one can question how "international" much of that migration actually is as the majority is legally within the single nation of China. The characteristics of the two streams of migration, from Mainland China and from "elsewhere", are quite different and require separate consideration.

Pursuant to Article 22(4) of the Basic Law, for entry into the Hong Kong Special Administrative Region, people from other parts of China must apply for approval. Mainland residents who wish to settle in Hong Kong must apply for one-way permits from the Exit and Entry Administration Offices of the Public Security Bureau of the Mainland at the places of their household registration.

[23] "Migration and Remittances Factbook 2011", the World Bank (2011).

5.2 Migration from Mainland China

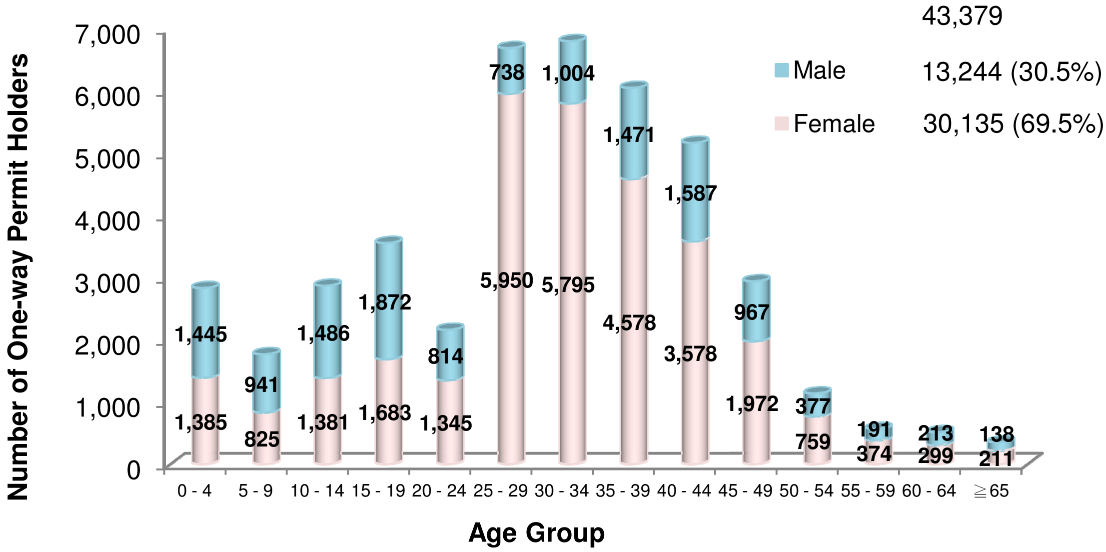
> **The "Touch Base Policy"** was introduced in 1974. Illegal entrants were permitted to stay in Hong Kong if they could evade immigration control in boundary areas and reach the urban areas.
>
> The policy was abolished in October 1980.
>
> Source:
> S.L. Wong, M. Moore and J.K. Chin, "Hong Kong: Demographic Change and International Labor Mobility" (2008)

5.2.1 This migration from Mainland China itself can also be divided into two quite different streams: a "permanent" migration of those entering under the OWP scheme and the other of those made up of the various high-skilled schemes identified under the channels outlined earlier in the report. As seen above, OWP has been the largest migration channel into Hong Kong and is by agreement with Mainland China limited to 150 migrants a day. The system dates from 1980 when the British "touch base policy" was abolished and a regular stream of legal migrants from the Mainland was allowed. The daily quota of OWP used to be 75 in 1982, which was increased to 105 in 1993 and further to 150 in 1995.[24] Essentially, this channel is for family reunification that allows the Mainland spouses, children and parents of Hong Kong permanent residents (mainly previous, male, migrants to Hong Kong) to enter the SAR. The flow is strongly female-oriented with, in 2011, a ratio of 2.28 females for every male entrant under the scheme, with the 20-54 age cohort being made up primarily of women (Figure 5.1). Only in the youngest cohorts is there balance between the sexes. The labour force participation of the female recent arrivals from the Mainland is considerably lower than for Hong Kong women as a whole. For example, in 2011, the labour force participation rates for female recent arrivals were 40.7 and 49.4 per cent for those aged 25-34 and 35-44 years respectively compared to 79.9 and 69.7 per cent for women as a whole in these age groups.[25]

[24] LegCo paper on "Immigration Arrangements for Entry of Mainland Residents" (2009).

[25] Recent arrivals refer to those who had been in Hong Kong for less than seven years. The female population "as a whole" excludes domestic workers. Source: "2011 Population Census - Thematic Report: Persons from the Mainland having resided in Hong Kong for less than 7 Years", C&SD (2011).

Figure 5.1 – One-way Permit Holders by Age and Sex, 2011



Source: Statistics Unit, Security Bureau, HKSAR Government.

5.2.2 This OWP migration has added some 24,000 women to the reproductive population (aged 15-49 years) of Hong Kong every year over most of the twenty-first century (Table 5.1). While this is just over 1 per cent of the total Hong Kong female population in this age group, it certainly contributes to the creation of the next generation of Hong Kong's population. Fully 25.4 per cent of the total population of women in Hong Kong in the reproductive age group in 2011 was from the Mainland.[26] This migration of OWP holders has also been adding large numbers to the school-age population 5-19 years every year varying from 9,947 in 2001 through 19,231 in 2006 to 8,188 in 2011 (Table 5.1). This channel is unusual amongst all the other channels of migrants to Hong Kong to the extent that the selection process in terms of who comes when is decided by the Mainland authorities who issue the one-way permit to exit the Mainland, rather than in the hands of the HKSAR Government.

[26] Statistics Unit, Security Bureau, HKSAR Government.

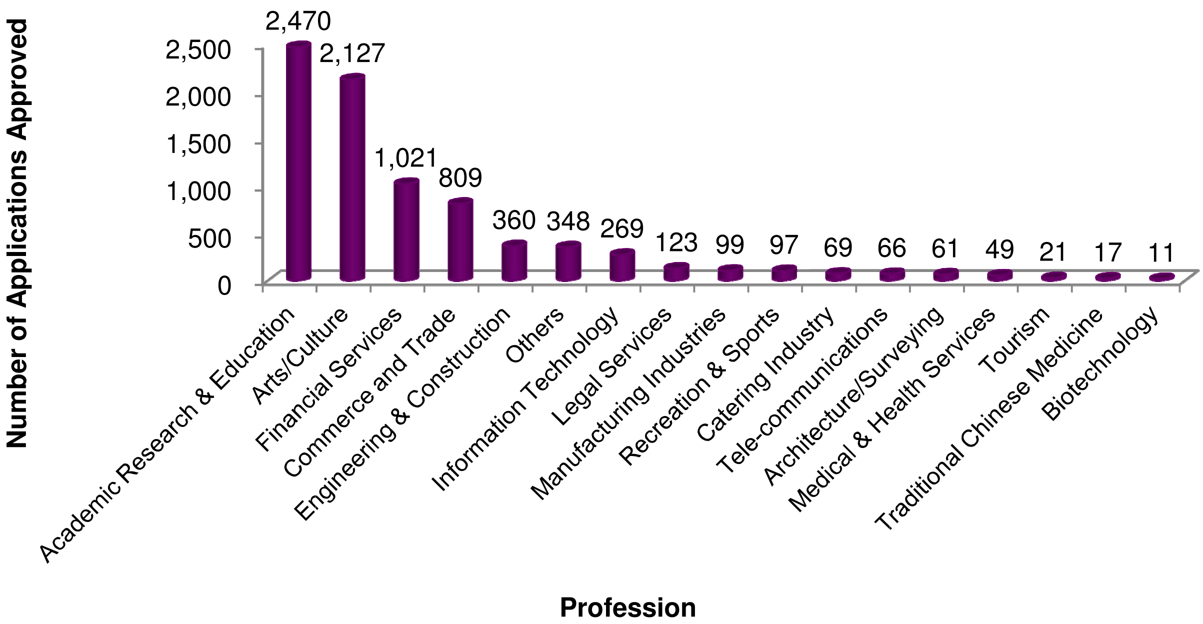
Table 5.1 - One-way Permit Holders by Age and Sex, 2001, 2006 and 2011

Age Group	Sex	2001	2006	2011
0 - 4	F	4,276	1,703	1,385
	M	4,859	1,817	1,445
5 - 9	F	2,268	2,645	825
	M	2,271	2,890	941
10 - 14	F	1,977	3,447	1,381
	M	1,925	3,889	1,486
15 - 19	F	727	3,122	1,683
	M	779	3,238	1,872
20 - 24	F	506	681	1,345
	M	412	532	814
25 - 29	F	6,896	6,265	5,950
	M	1,502	359	738
30 - 34	F	8,553	7,070	5,795
	M	2,444	1,160	1,004
35 - 39	F	5,199	4,482	4,578
	M	2,265	1,961	1,471
40 - 44	F	1,831	2,632	3,578
	M	954	2,215	1,587
45 - 49	F	730	913	1,972
	M	288	989	967
50 - 54	F	472	528	759
	M	223	382	377
55 - 59	F	352	297	374
	M	140	136	191
60 - 64	F	572	235	299
	M	206	146	213
≧65	F	784	279	211
	M	244	157	138
Overall	F	35,143	34,299	30,135
	M	18,512	19,871	13,244
Total		**53,655**	**54,170**	**43,379**

Source: Statistics Unit, Security Bureau, HKSAR Government.

5.2.3 The second major stream of migration from the Mainland is made up of the highly skilled and the future of this stream will be of great significance for Hong Kong's future productivity and continued competitiveness. The largest of these schemes is the ASMTP that has seen its annual numbers of applications approved increase from 3,745 in 2004 to 8,017 in 2013 (Appendix 2 and Figure 5.2). Within this channel, the principal categories of approved applications have consistently been in "academic research and education", "arts and culture" and "financial services", although "commerce and trade" figured prominently during earlier years of the scheme.

Figure 5.2 – Number of Applications Approved under the Admission Scheme for Mainland Talents and Professionals by Profession, 2013

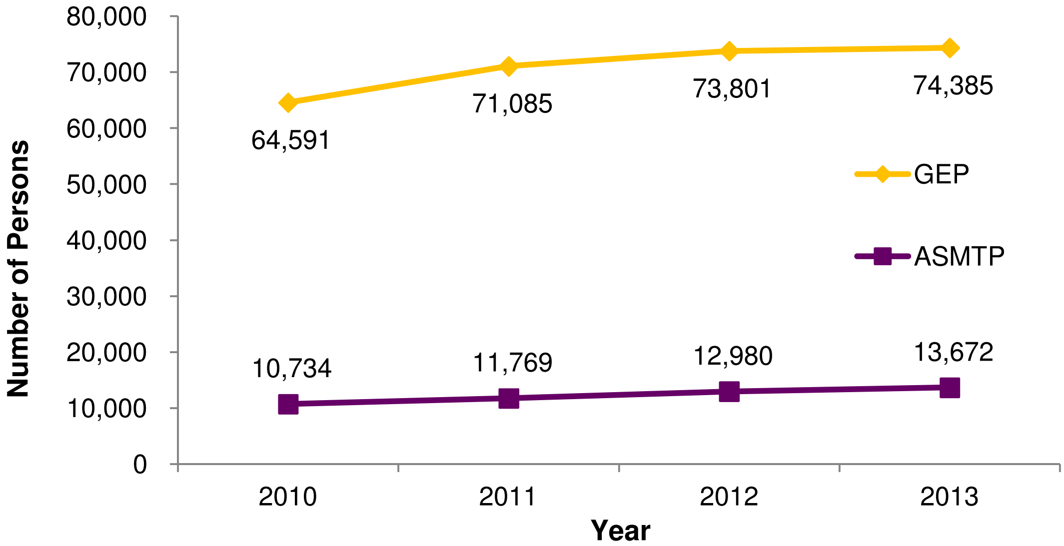


Source: "Applications Approved under Admission Scheme for Mainland Talents and Professionals - Breakdown by Profession", Immigration Department, HKSAR (2014).

5.2.4 The stock of talents, professionals and entrepreneurs under this scheme in Hong Kong increased from about 11,000 at the end of 2010 to over 13,000 at the end 2013 (Figure 5.3). However, given that some 16,193 applications had been approved under this scheme between 2011 and 2012 (Appendix 2) suggests that:

- the actual uptake had been smaller than the approvals; and/or
- some admitted under this category had either returned or moved on, or were otherwise not present at the end of the respective periods.

Figure 5.3 – Population of Talents, Professionals and Entrepreneurs Admitted under "General Employment Policy" and "Admission Scheme for Mainland Talents and Professionals", 2010 - 2013



Note: The figures denote the number of persons admitted under GEP and ASMTP who have valid limit of stay in Hong Kong on the specified dates.

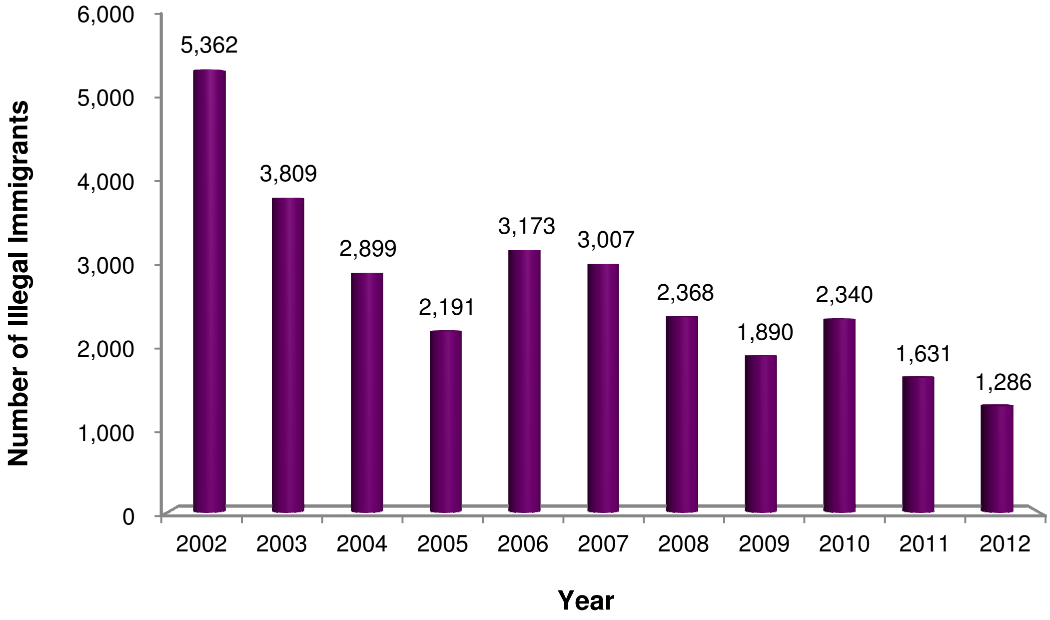
Source: "Population of Talents, Professionals and Entrepreneurs Admitted under GEP and ASMTP", Immigration Department, HKSAR Government (2014).

5.2.5 Nevertheless, these skill categories fill well into at least two of the key areas that will be discussed in Chapter 9 of this report that are vital for Hong Kong's continued prosperity and where the city holds a comparative advantage: education and financial services.

5.2.6 One issue that does appear to have disappeared as a major policy issue in Hong Kong is illegal immigration from the Mainland. From 300,000-400,000 illegal entrants around 1979 to 1980[27], numbers have declined to just a few thousand over each of the last ten years (Figure 5.4). The reason for this change lies primarily in the rapid economic development of Mainland China that has seen wealth differences between Hong Kong and Mainland China decrease and the creation of more "intervening opportunities" in the Pearl River Delta (PRD) that have absorbed potential migration to Hong Kong. The changing nature of the Hong Kong economy itself, with relatively fewer opportunities for the less educated as labour-intensive activities were moved into Mainland China, has also been a factor.

[27] Skeldon 1986, loc. cit. (see note 17), p.7.

Figure 5.4 – Illegal Immigrants Apprehended in Hong Kong, 2002 - 2012



Sources: Annual reports (2002 - 2012) of Immigration Department, HKSAR Government.

5.3 Migration from "elsewhere"

5.3.1 The 1991 Population Census revealed that the number of people classified with a place of birth "elsewhere" was 255,176.[28] As seen in Table 4.1, that number had increased to 439,924 in 2001 and to 525,533 in 2011. Although a minority, those born elsewhere increased their share of the total population from 4.6 per cent to 7.4 per cent between 1991 and 2011. The most important birthplaces were in Asia, with 170,134 from Indonesia and 134,078 from the Philippines (Appendix 3). These groups were made up overwhelmingly of female domestic helpers, to which must be added the Thai birthplace group of 18,045. Of the balance of 203,276, India made up the largest origin area (24,697) followed by the United Kingdom (20,986), the United States (16,513), Canada (14,873), Malaysia (14,868), Japan (13,802) and Australia (12,383).

5.3.2 Over half of those born elsewhere were domestic helpers, with many of the remainder essentially expatriates coming in under the GEP, plus their dependents. However, several caveats are necessary. Children born to foreign citizens in Hong Kong were included under those "born in Hong Kong", underestimating the expatriate population if we just look at those born

[28] Excluding those born in Hong Kong, Mainland China, Macao and Taiwan. Source: 1991 Population Census, C&SD.

elsewhere. In 2011, some 10,333 British, 2,920 American, 1,973 Canadian and 2,229 Australian nationals were recorded as having been born in Hong Kong (Appendix 4). These were also recorded as being permanent residents of Hong Kong. Some will indeed be the children of expatriates of these countries who were themselves permanent residents of the SAR but some, too, will be Hong Kong Chinese who were naturalised in these countries and had since returned. An additional 605 British, 185 American, 83 Canadian and 329 Australian nationals were recorded as born in Hong Kong but not permanent residents. The majority of these will be the children of expatriates, themselves non-permanent residents of Hong Kong.

5.3.3 Another approximation of an expatriate population is those who are not Hong Kong permanent residents irrespective of place of birth. In 2011, the total in this category was 527,523 (Appendix 3). However, of these, 206,022 were born in Hong Kong, Mainland China, Macao or Taiwan (the vast majority of these, 198,246, in Mainland China) giving a total of just 321,501 born elsewhere and non-permanent residents. Of these, 252,432 were born in either the Philippines or Indonesia and were mainly foreign domestic helpers. The resultant balance of 69,069 born elsewhere and non-permanent residents might give the best guesstimate of a "real" expatriate population; but it would seriously underestimate the real impact of non-Chinese populations on the economy of Hong Kong, many of whom are, as seen above, permanent residents. For example, some 26,209 British citizens were permanent residents of Hong Kong in 2011 (Appendix 4). The number of American citizens who were permanent residents of Hong Kong was 11,650, while the respective figure for Canadians was 10,436 and for Indians 15,074. If all the numbers of foreign citizens who were permanent residents of Hong Kong in 2011, some 161,532, are added to the total number of 323,468 foreign citizens who were non-permanent residents, the total becomes 485,000, some 6.9 per cent of the total population.

5.3.4 Irrespective of how the proportion of "foreigners" in Hong Kong is calculated, at around 7 per cent, it is low compared with other large overseas cities such as London, where 31 per cent was foreign-born, Sydney with 34 per cent, Singapore 27 per cent and New York 37 per cent.[29] Hong Kong is closer to the East Asian pattern where only 2.4 per cent of Tokyo's population was foreign-born and 0.9 per cent of Shanghai's population. Nevertheless, the

[29] All these figures are for 2010, except that for Sydney which refers to 2006. Note that the 2011 UK Census of Population gave a figure of 37 per cent foreign-born for London. Source: "Foreign born population %", World Cities Culture Forum.

available data perhaps downplay the multicultural dimension of Hong Kong as they do not take into consideration the multi-ethnic nature of the Chinese population with its significant cultural differences from one part of that vast country to another. Language perhaps gives some insight into this intriguing issue, although even here some 89.5 per cent of the population in 2011 was recorded as using Cantonese as the usual language for communication at home.[30]

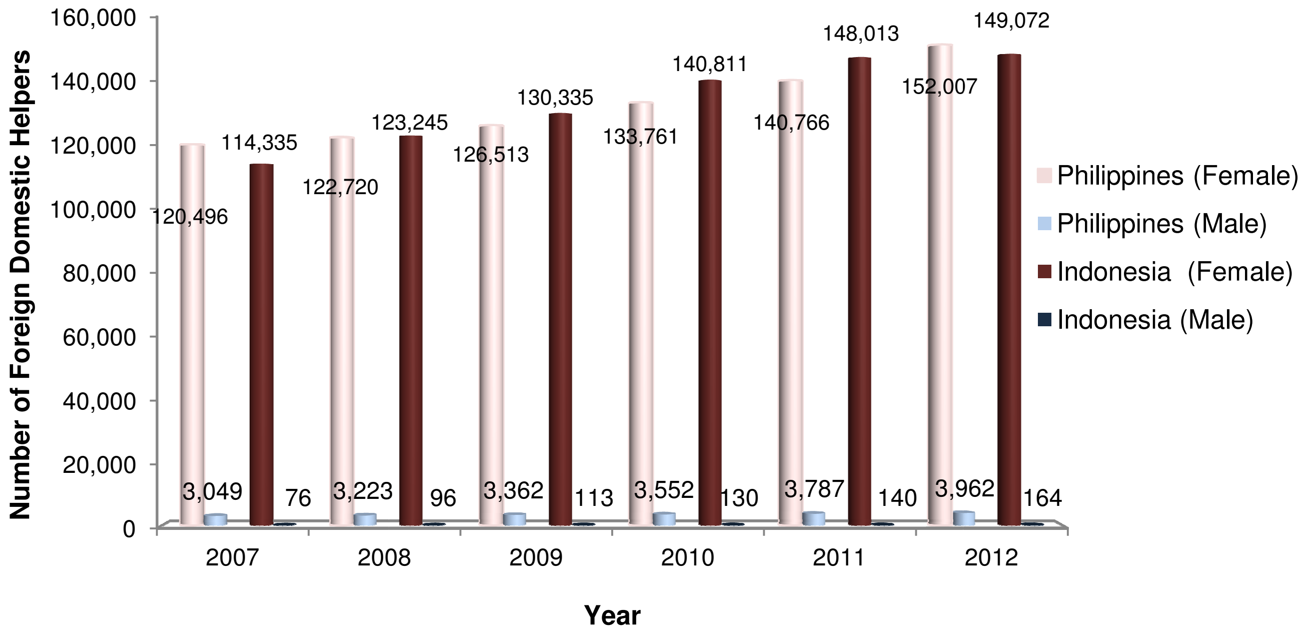
5.3.5 Often considered completely separately from the Hong Kong population in general and the expatriate population in particular, the foreign domestic helpers make up a temporary part, but an apparently permanent sector of the population. That is, there is a turnover of workers within what appears to be a necessary component of the population. The number of foreign domestic helpers has grown markedly. At the end of 1990, there were 70,335 in Hong Kong.[31] By end-2012, the number had increased to 312,395. Some 307,491 of the latter were female.[32] Traditionally, the major source area has been the Philippines but in recent years their numbers have been surpassed by women from Indonesia, although in 2012, the Philippines had regained its primary position (Figure 5.5). Some 27 per cent of the female Filipino domestic helpers in Hong Kong in 2011 had post-secondary levels of education compared to only 6.5 per cent for those from Indonesia (Figure 5.6).

[30] "Summary results", 2011 Population Census, C&SD.

[31] Ronald Skeldon, Emigration, immigration and fertility decline: demographic integration or disintegration? In Y-W. Sung and M-K Lee (eds.), *The Other Hong Kong Report 1991*, The Chinese University Press, 1991, p 247.

[32] "Women and Men in Hong Kong Key Statistics", C&SD (2013).

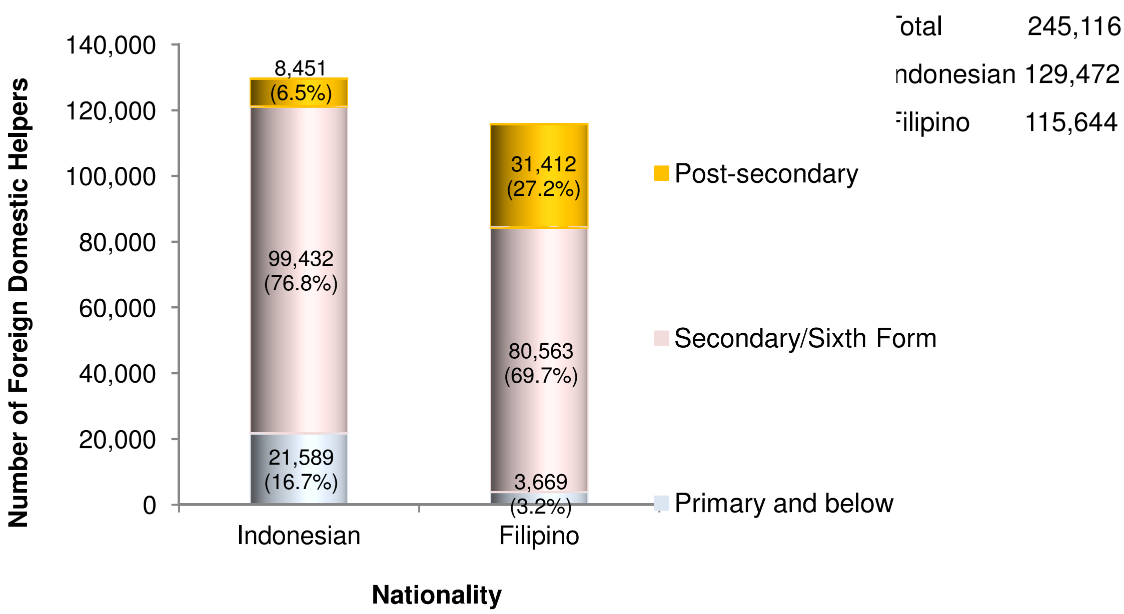
Figure 5.5 – Foreign Domestic Helpers from Philippines and Indonesia by Sex, 2007 - 2012



Note: The figures denote those who had a valid limit of stay in Hong Kong as a foreign domestic helper as at year end.

Source: "Women and Men in Hong Kong Key Statistics", C&SD (2013).

Figure 5.6 – Female Foreign Domestic Helpers from Indonesia and Philippines by Educational Attainment (Highest Level Attended), 2011



Note: The estimated number of female foreign domestic helpers of Filipino and Indonesian nationality respectively in the domestic households as at mid-2011 is based on the results of 2011 Population Census.

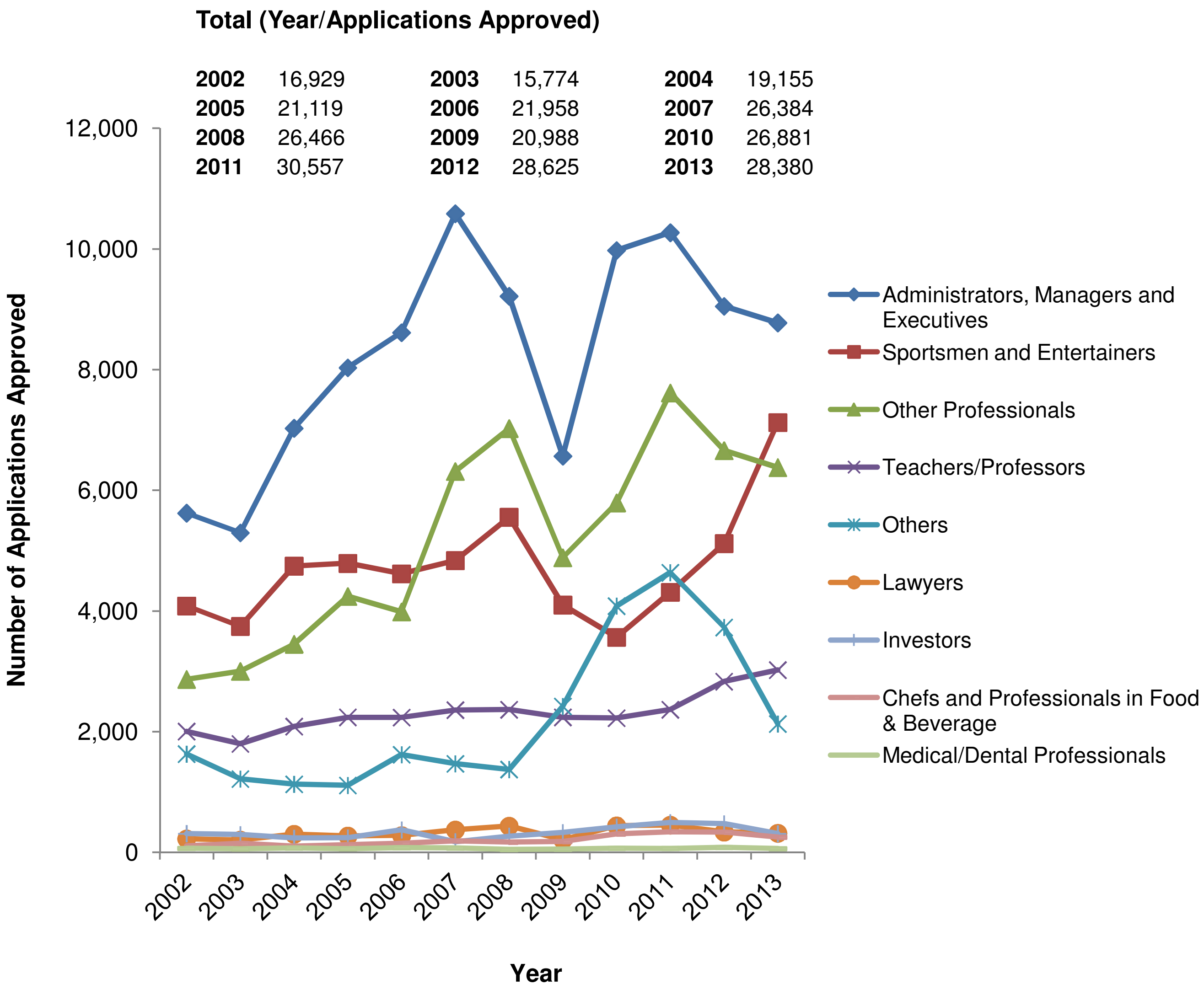
Source: 2011 Population Census, C&SD.

5.3.6 Originally brought in by expatriates to look after the children and perform domestic service, foreign domestic helpers are increasingly working for Hong Kong Chinese families. They allow both parents to work while providing someone to look after the children. However, in a low-fertility, ageing society, they will have a role in looking after the elderly, although whether they have the desired care qualifications to undertake the task will be a challenge as Hong Kong moves towards 2030. This issue is further discussed in paragraphs 9.3.10 to 9.3.16 below.

5.4 Expatriates in the labour force

5.4.1 The "core" of the expatriate population, that is, those who are non-permanent residents and non-Mainland born, come into Hong Kong either through the GEP or as dependents of those brought in under that programme. The characteristics of those entering under the policy are given in Figure 5.7. The number of applications approved under the programme increased from 16,929 in 2002 to 28,380 in 2013. Applications approved since the policy was established have been dominated by "Administrators, Managers and Executives". "Sportsmen and Entertainers", "Other Professionals" as well as "Teachers/Professors" have also figured prominently among those entering under this programme.

Figure 5.7 – Applications Approved under the General Employment Policy by Profession, 2002 - 2013

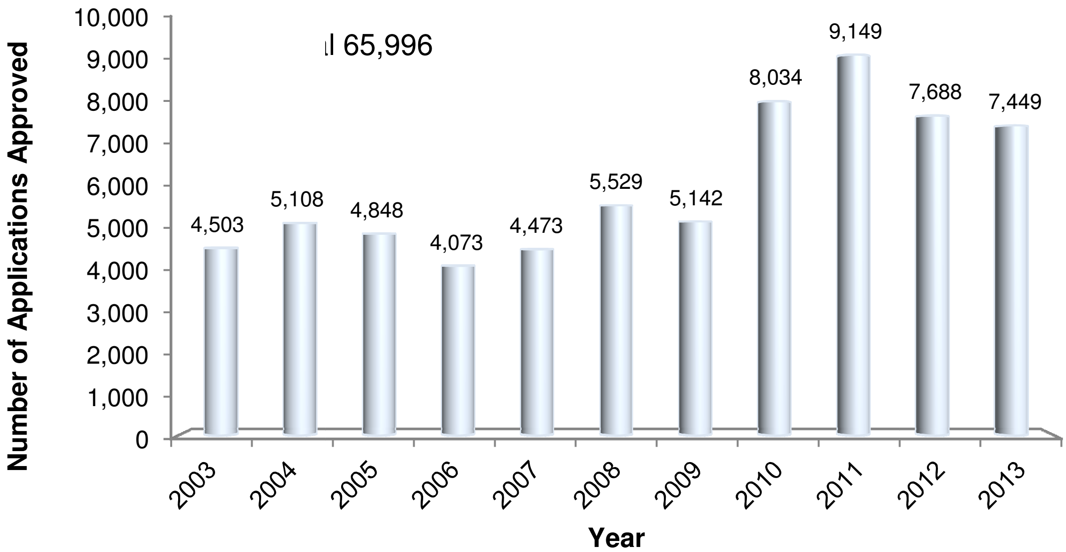


Source: "Statistics on Applications Approved under General Employment Policy - Breakdown by Profession", Immigration Department, HKSAR Government (2014).

5.4.2 The stock of those under the GEP in Hong Kong at the end of 2013 was about 74,000, up from about 65,000 at the end of 2010 (Figure 5.3). During 2011 and 2012 some 59,182 applications had been approved under this policy. Even allowing for some delay between approval being granted and taking up a position in Hong Kong, the difference between the increase in stock number and the number of applications approved over the two years reinforces the point about the constant turnover in population made in section 4.5 above. This particularly applies to the skilled, many of whom come in only for a short time.

5.4.3 The process of attracting appropriate candidates to fill positions has important implications for Hong Kong's future as will be discussed further in Chapter 8 below. However, much of this recruitment is through a number of clear channels, and not just of immigration, that represent a clear organisation to the flows. One important channel is through the transfer of personnel within a company: the intra-corporate transferees (ICTs). Since 2003 to 2013, virtually one quarter of about 266,000 applications approved under the GEP were for ICTs (Figure 5.8). While information on precise numbers is lacking, the role of "headhunters" or recruitment agencies acting for employers is also significant in bringing skills into Hong Kong under the GEP. The balance will be made up of direct responses to advertised positions overseas as well as recruiting from a pool of skilled labour that may be found locally. One source is among those non-local graduates from the Mainland and elsewhere upon finishing their tertiary education at Hong Kong universities. A second source would be among those who may have entered as a visitor or a dependent and then either found or been offered a position during their stay.

Figure 5.8 – Approval of Applications for Intra-corporate Transferees under the General Employment Policy, 2003 - 2013



Source: "Statistics on Applications Approved under Various Admission Schemes for Talents, Professionals and Entrepreneurs ", Immigration Department, HKSAR Government (2014).

5.5 Attitudes to immigrant populations

5.5.1 Irrespective of any economic logic to the positive contribution that immigrants can make to an economy and despite the positives that migrants can bring to the diversity of a city in terms of cuisine and culture, ultimately, how local people perceive these immigrants is an important factor that governments need to consider in the design of any policy. That public opinion can both drive or be used to drive public policy is an integral part of the politics of any modern society. In the context of immigration, public opinion can often be divisive and based on prejudice rather than evidence.

5.5.2 In Hong Kong, which is itself the product of immigration, the attitudes towards immigrants as revealed in a Hong Kong Institute of Education (HKIEd) survey in November 2012 could perhaps best be described as "ambivalent".[33] Just over half (50.6 per cent) of the sampled population thought that the number of new immigrants should decrease significantly (21.7 per cent) or decrease slightly (28.9 per cent). This proportion is low compared with the United Kingdom, for example, where 75 per cent of the population appears to favour a reduction in immigration.[34]

5.5.3 The Hong Kong respondents were asked whether they "agreed strongly", "slightly agreed", "neither agreed nor disagreed", "slightly disagreed" or "strongly disagreed" with the following statements:

- New immigrants lowered salary levels – 17.2 per cent strongly agreed and 29.5 slightly agreed.
- New immigrants stole local jobs – 11.1 per cent strongly agreed and 26.5 slightly agreed.
- An increase in immigration would increase the crime rate – 9.5 per cent strongly agreed and 26.5 slightly agreed.
- New immigrants had an adverse impact on Hong Kong's economic outlook – 13.9 per cent strongly agreed and 25.6 per cent slightly agreed.

5.5.4 Thus between one third and half of respondents felt negatively towards new migrants, which also meant that between half and two thirds either felt that immigrants made little difference or contributed more positively towards the Hong Kong economy and society. Public opinion is much more split on this

[33] "Survey on Negative Perceptions Hinder New Immigrants' Integration into Hong Kong Society", the Hong Kong Institute of Education (2012).
[34] See, for example, S. Blinder, UK public opinion toward immigration: overall attitudes and level of concern, The Migration Observatory, University of Oxford, Policy Briefing, 23/02/2012 at: www.migrationobservatory.ox.ac.uk.

most contentious of issues compared with local populations in other parts of the developed world.

5.5.5 When the Hong Kong respondents were asked if they agreed with the statement that new migrants made a contribution to Hong Kong society, only 2.9 per cent agreed, while 52.8 per cent thought that the new migrants enjoyed welfare benefits. Some 38.8 per cent thought that recent arrivals both made a contribution to Hong Kong and consumed welfare. It is often too easy to emphasise the negative attitudes in what seems to be a much more nuanced situation. The opinion survey found that it was among older respondents, women and those with lower education that the negative attitudes were more prevalent.

5.5.6 The issue of welfare benefits is perhaps the most sensitive issue in Hong Kong as well as elsewhere. In Hong Kong, adult arrivals used to be not eligible for CSSA until they had completed seven years residence in Hong Kong, except in cases of special need. Recent data show that CSSA recipients who had been in Hong Kong for less than seven years increased from 29,124 in 2001 to 41,571 in 2004 and then declined steadily to reach only 12,264 in 2011.[35] Virtually two-thirds of recipients were made up of single parents, those on "low earnings" and the elderly. However, the decision of the Court of Final Appeal in December 2013 to the effect that recent immigrants did not qualify for CSSA was unconstitutional may change the situation. At the time of writing the HKSAR Government will almost certainly seek to impose a 12 months rule before benefits can be claimed. Nevertheless, the ruling will have an implication for welfare payments. The impact of new arrivals on the costs of public rental housing has also been shown to be decreasing but their impact on education was more complex.[36] The immigrants also help to keep schools viable in the face of declining numbers of local children as well as maintaining demand for teachers in particular areas.

5.5.7 The attitudes expressed in the HKIEd survey were towards new entrants from Mainland China and not towards the more skilled migrants either from the Mainland or from elsewhere. In general, public opinion, as well as government policy, tends to draw a distinction between a positive view of the

[35] New arrival CSSA recipients refer to those who have resided in Hong Kong for less than seven years. They may include non-Mainlanders, though the great majority are new arrivals from the Mainland. Source: Report on "Statistics on Comprehensive Social Security Assistance Scheme, 2001 to 2011", C&SD (2012).

[36] "The Past and Future of the One Way Permit Scheme in the Context of a Population Policy for Hong Kong", BFRC (2008).

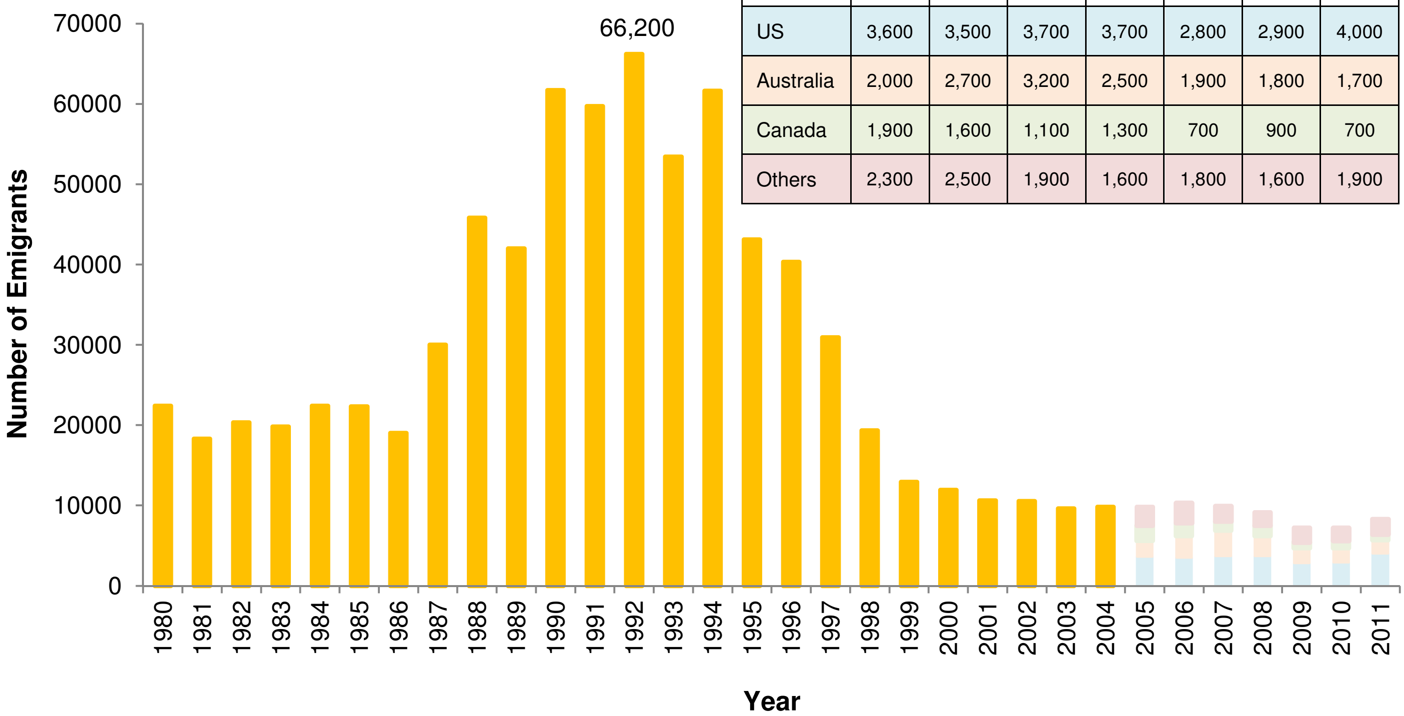
“needed”, skilled migrants who are wanted, and a negative view of unwanted, less-skilled migrants but who are equally “needed”. Not only are the skilled needed for their talents but they are also, as seen in Chapter 4 above, more likely to move on. More low-skilled migrants may have a greater propensity to stay. As this report continuously stresses, however, migrants of both skill levels are required with the one dependent upon the other. The far from conclusive results from the attitude survey suggest that the integration of immigrants of all skill levels should not be the difficult task that is presented in many other countries.

Chapter 6: Emigration from Hong Kong

6.1 Continuing patterns of emigration

6.1.1 The emigration of Hong Kong residents continues. Much is circular, for education or work placement, which adds to the turnover of the population. However, by far the most problematic element of population change to assess in Hong Kong, and often more widely, is emigration. Countries and territories tend not to collect information on people as they leave but only as they arrive. The HKSAR Government has compiled an estimate of annual emigration since the 1980s and they show that numbers have dropped sharply since the mid-1990s and have stabilised at between 7,000 and 8,000 from 2009 (Figure 6.1).

Figure 6.1 – Estimated Number of Emigrants from Hong Kong, 1980 - 2011



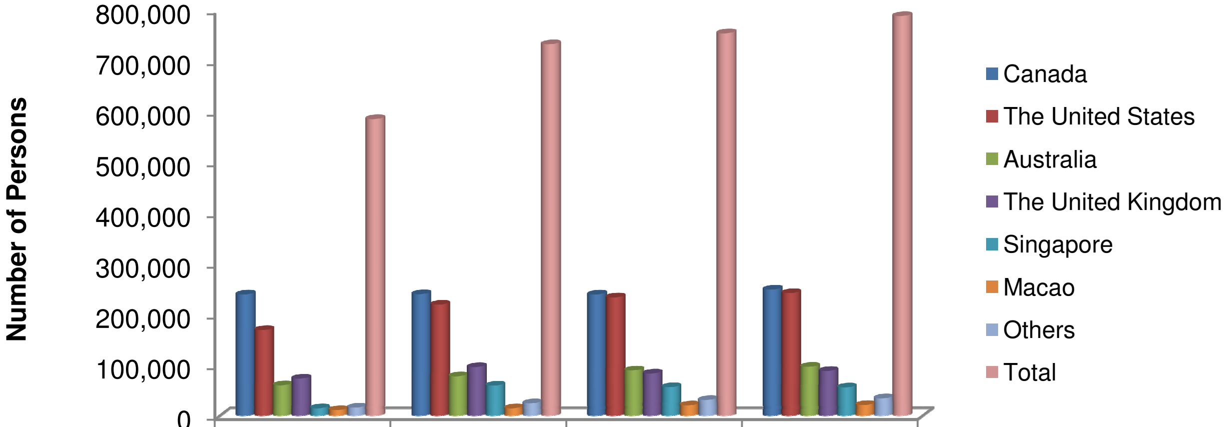
	2005	2006	2007	2008	2009	2010	2011
US	3,600	3,500	3,700	3,700	2,800	2,900	4,000
Australia	2,000	2,700	3,200	2,500	1,900	1,800	1,700
Canada	1,900	1,600	1,100	1,300	700	900	700
Others	2,300	2,500	1,900	1,600	1,800	1,600	1,900

Source: Yearbook (1980 - 2012) of HKSAR Government.

6.1.2 Information on emigration from particular countries and territories is increasingly collected from destination countries at the global level by international organisations. These data suggest a substantial Hong Kong-born population outside Hong Kong. For example, the World Bank estimated that population to be 719,300 in 2010, some 10.2 per cent of the resident population, with the leading destinations being Canada, the United States, the United Kingdom, Australia, Macao, Mainland China, the Netherlands, New Zealand, Singapore, Ireland and France.[37]

6.1.3 The World Bank 2000 origin-destination database has been further refined in collaboration with the Population Division of the United Nations to give a time series of data from 1990 to 2013 (Figure 6.2). These updated figures suggest that there were 788,568 Hong Kong-born people outside Hong Kong in 2013, with four fifths of them in just four destinations: Canada, the United States, Australia and the United Kingdom. It is important to keep in mind that these figures refer to people born in Hong Kong and living in these destinations. That is, they will include children born to expatriates who had worked in Hong Kong but who had since returned to their countries of origin.

Figure 6.2 – Stock of Hong Kong-born People Living outside Hong Kong by Principal Destinations, 1990 - 2013



	1990	2000	2010	2013
Canada	239,338	239,899	239,256	249,112
The United States	169,333	219,389	233,700	242,170
Australia	60,431	78,100	89,609	96,704
The United Kingdom	73,443	96,108	83,570	88,522
Singapore	15,034	59,822	56,502	55,948
Macao	11,475	14,990	20,720	21,502
Others	16,219	24,648	31,272	34,610
Total	585,273	732,956	754,629	788,568

Year

Source: "Trends in International Migrant Stock: Migrants by Destination and Origin, 1990, 2000, 2010 and 2013", the United Nations (2013).

[37] "The Migration and Remittances Facebook 2011", the World Bank (2011).

6.1.4 However, it is likely that the majority of the people at the destinations are Hong Kong Chinese. The case of Canada, the principal destination of the migration in the mid-1980s to early 1990s, is instructive: the number of Hong Kong-born has hardly increased since 1990 despite a continued, even if reduced, migration from Hong Kong to that country. Numbers of emigrants from Hong Kong to Canada have varied throughout this century from 1,965 in 2001 to 790 in 2010 that gave a total of 13,966 emigrants over the first decade.[38] The virtual constant stock in Canada from 2000 through 2010 given in Figure 6.2 suggests that many Hong Kong migrants to Canada have returned to Hong Kong or moved on to third destinations as well as some deaths. Why the same trend is not observed for Australia, where again considerable return to Hong Kong was observed in the 1990s must await future investigation. The Hong Kong-born population of Australia in the first decade of the twenty-first century increased markedly compared with Canada. The migration of Hong Kong people to Mainland China is considered in Chapter 7 below.

6.1.5 The presence of such a large Hong Kong population in overseas destinations means that the city has a global diaspora upon which to draw for skills and expertise. It is part of the globally mobile Hong Kong population observed earlier, both expatriate and local. The corollary that there is a substantial number of Hong Kong-born returned from these destinations also has important implications. A pool of mostly skilled people in Hong Kong exists, probably substantial but whose number remains unknown who have foreign passports from their previous emigration. They are able to move quickly if required and outside the "normal" immigration channels as they have residence rights in Hong Kong and citizenship elsewhere. They enter and leave Hong Kong as residents and enter and leave another country as citizens of that country, clearly as legal migrants but virtually invisible.

[38] "Immigration overview: permanent and temporary residents", Government of Canada.

Chapter 7: Linkages between Hong Kong and Mainland China

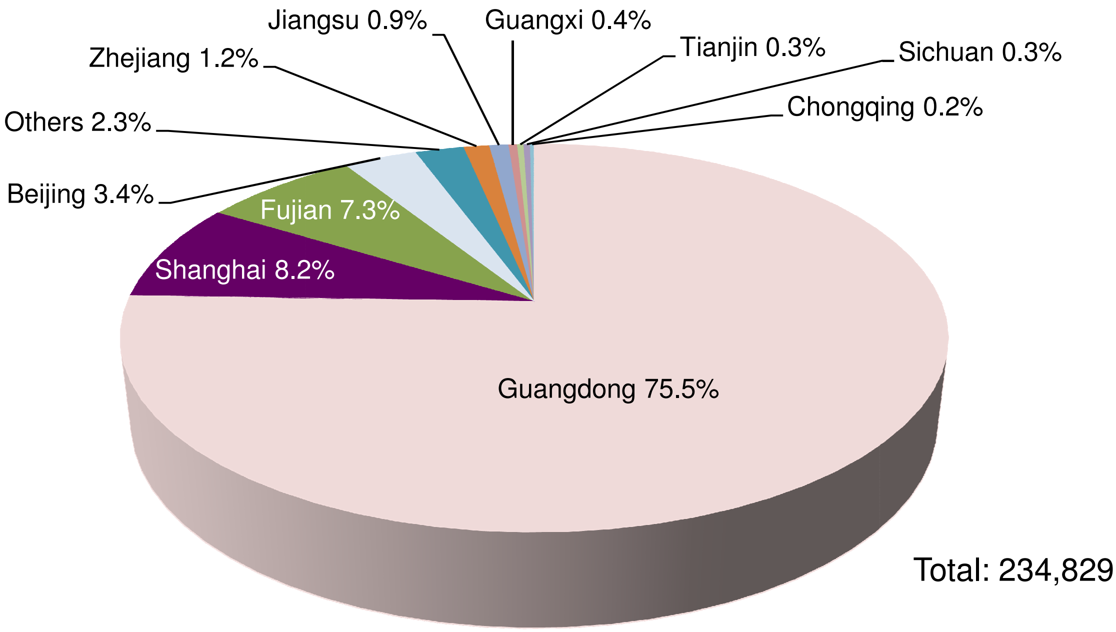
7.1 The creation of a mega-urban region

7.1.1 People not only migrate from Mainland China to Hong Kong through the channels identified earlier and have, until recently at least, come to have their children in Hong Kong's hospitals but they also migrate from Hong Kong to the Mainland. Some Hong Kong residents live in the Mainland and work there. Others live in Mainland China and work in the SAR and may have their children go to school there. That is, part of Hong Kong's labour force and its reproductive capacity is based in Mainland China. Yet others live in Hong Kong and work in the Mainland. It is problematic to separate out these various components.

7.1.2 According to the 2010 Mainland Census, some 234,829 Hong Kong residents were living in Mainland China.[39] Just over three-quarters, or some 177,411, lived in neighbouring Guangdong Province. An additional 7.3 per cent lived in Fujian Province, with 8.2 and 3.4 per cent in Shanghai and Beijing respectively (Figure 7.1). Virtually two-thirds of the total fell within the prime working ages of 20 to 64 years (Figure 7.2). This population was markedly male-biased, with 168 males per 100 females. The sex ratio for the total Hong Kong population in Mainland China was 151 males per 100 females. It is the Hong Kong population close to the SAR that is of greatest interest to this study and most information comes from surveys undertaken by the HKSAR Government.[40]

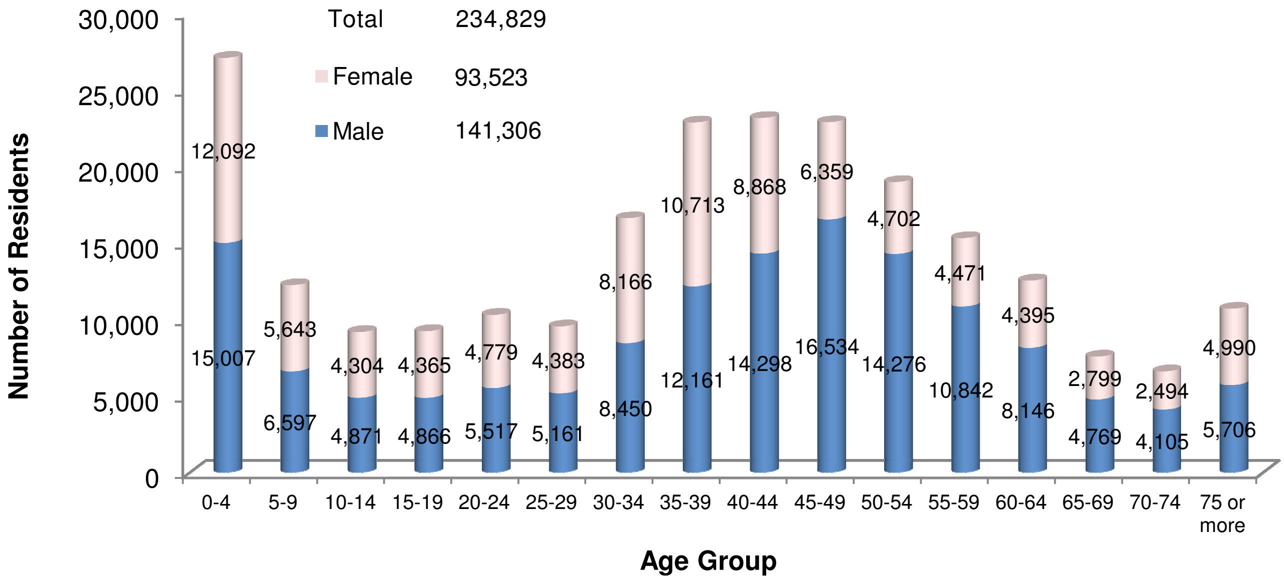
[39] 2010 Mainland Census, National Bureau of Statistics (2013).
[40] "Hong Kong Residents Working in the Mainland of China", C&SD (2009) and "Hong Kong Residents Working in the Mainland of China", C&SD (2010).

Figure 7.1 – Hong Kong Residents Living in the Mainland by Province/City, 2010



Source: 2010 Mainland Census, National Bureau of Statistics (2013).

Figure 7.2 – Hong Kong Residents Living in the Mainland by Age Group and Sex, 2010



Source: 2010 Mainland Census, National Bureau of Statistics (2013).

7.1.3 The 2011 survey of frequent trip makers (those who had made at least one trip per week) between Hong Kong and the Mainland identified 21,500 persons living in Hong Kong but working in Mainland China and 27,700 persons living in the Mainland and working in Hong Kong (Table 7.1). These figures had increased from 7,200 and 12,500 respectively identified in the 2001 survey. In addition, some 12,790 students crossed the boundary to attend schools in Hong Kong, up from 2,160 in 2001. The skill level of those living in Hong Kong and working in the Mainland is higher than that of those living in Mainland China and working in Hong Kong. Some 38.6 per cent of the former fell into the Managers, Administrators and Professional category compared with just 19.2 of the latter (Table 7.2). It would seem likely that those living in Mainland China had moved there for cheaper accommodation and a lower cost of living and would therefore fall more into less skilled and more lowly-paid occupations. However, there was little evidence of the unskilled moving daily to Hong Kong, with only 7.3 per cent of the workers falling into the "elementary occupation" category. Only 3.5 per cent of those living in Hong Kong and working in the Mainland fell into this category. Both streams had seen an increase in overall skill levels since the 2001 survey.

Table 7.1 – Number of Frequent Trip Makers between Hong Kong and the Mainland by Type, 2001 and 2011

Type of Frequent Trip Makers	2001 Survey		2011 Survey	
	Living in Hong Kong	Living in the Mainland	Living in Hong Kong	Living in the Mainland
Cross-boundary workers#	7,200 (1.6%)	12,500 (25.6%)	21,500 (4.0%)	27,700 (16.3%)
Cross-boundary students	N/A	2,160 (4.4%)	N/A	12,790 (7.5%)
Frequent business trip makers	203,900 (45.6%)	16,400 (33.6%)	118,100 (22.2%)	19,500 (11.5%)
Extended home-leavers##	51,300 (11.5%)	4,200 (8.6%)	49,600 (9.3%)	20,400 (12.0%)
Frequent leisure trip makers###	145,800 (32.6%)	6,800 (13.9%)	246,700 (46.3%)	61,700 (36.3%)
Other frequent trip makers	39,300 (8.8%)	6,600 (13.5%)	96,700 (18.2%)	28,200 (16.6%)
Total	**447,500 (100%)**	**48,800 (100%)**	**532,600 (100%)**	**170,200 (100%)**

Notes:
N/A means not available. The surveys did not cover Hong Kong residents who travelled frequently to the Mainland/Macao for educational purpose.
Figures in the table may not add up to totals due to rounding.
Covered all persons in employment including part-time employment.
Trip makers who travelled at least once a week to visit their family members or relatives on either side of the boundary.
Definition of leisure trips has been revised in 2011 and hence 2011 figures may not be directly comparable with those of 2001.

Source: "Cross-boundary Travel Survey 2011", Planning Department, HKSAR Government (2011).

Table 7.2 – Cross-boundary Workers Living in Hong Kong/Mainland China by Occupation, 2001 and 2011

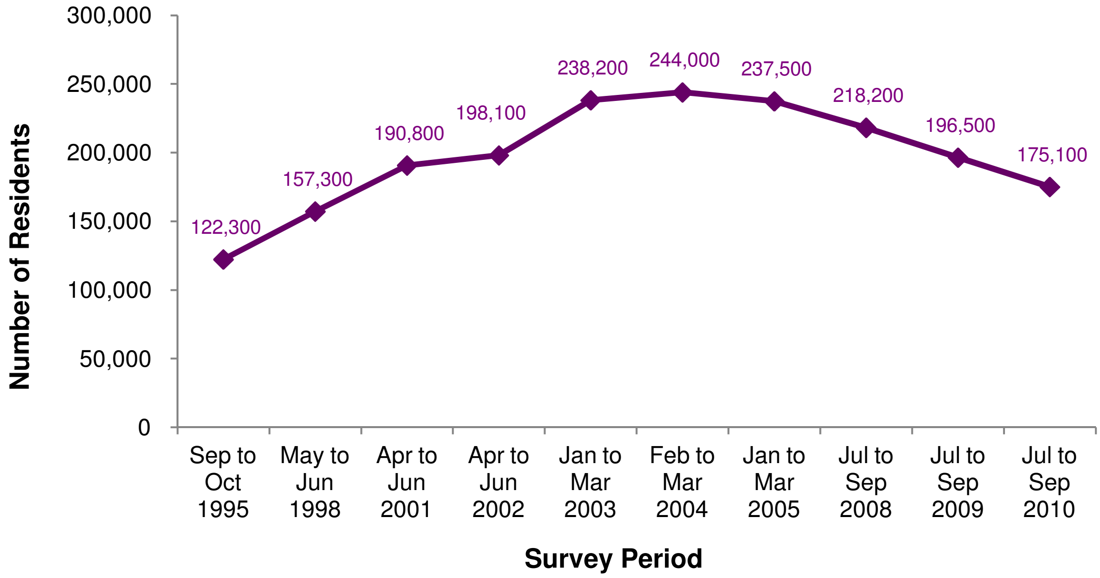
Occupation	Cross-boundary Workers Living in Hong Kong				Cross-boundary Workers Living in Mainland China			
	2001 Survey		2011 Survey		2001 Survey		2011 Survey	
	Number of Persons	% Share	Number of Persons	% Share	Number of Persons	% Share	Number of Persons	% Share
Managers, administrators and professionals	2,200	30.9	8,000	38.6	1,700	13.6	5,000	19.2
Plant and machinery operators and assemblers	800	10.9	3,300	16.0	1,600	13.4	6,100	23.4
Associate professionals	800	11.0	2,900	13.8	900	7.4	2,700	10.2
Clerks	800	11.7	1,400	6.9	500	4.0	1,600	6.0
Service and shop sales workers	400	5.9	1,200	5.9	1,600	13.2	3,000	11.6
Elementary occupations	200	3.2	700	3.5	1,400	11.6	1,900	7.3
Craft and related workers	1,900	25.6	400	2.0	4,000	32.9	3,400	13.1
Other occupations	#	#	#	0.2	100	0.5	#	#
Not fixed/Unclassified/Refused	100	0.8	2,700	13.0	400	3.5	2,400	9.1
Total	7,200	100.0	20,800	100.0	12,200	100.0	26,200	100.0

Notes:
Including persons in full-time employment only.
Figures in the table may not add up to totals due to rounding.
Represent number less than 50 or percentage less than 0.05%.

Source: "Cross-boundary Travel Survey 2011", Planning Department, HKSAR Government (2011).

7.1.4 The number of Hong Kong residents who work at least part of the time in Mainland China, rather than commute regularly, appears to be much greater. For example, the data from the Hong Kong General Household Survey suggested that in 2010, some 175,100 Hong Kong residents had worked in Mainland China during the 12 months prior to the survey with the majority still required to do so because of the nature of their job (Figure 7.3). This figure has fluctuated, increasing from 122,300 in 1995 but had declined from around 244,000 in 2004.

Figure 7.3 – Hong Kong Residents Who Had Worked in Mainland China during the 12 months before Enumeration, 1995 - 2010



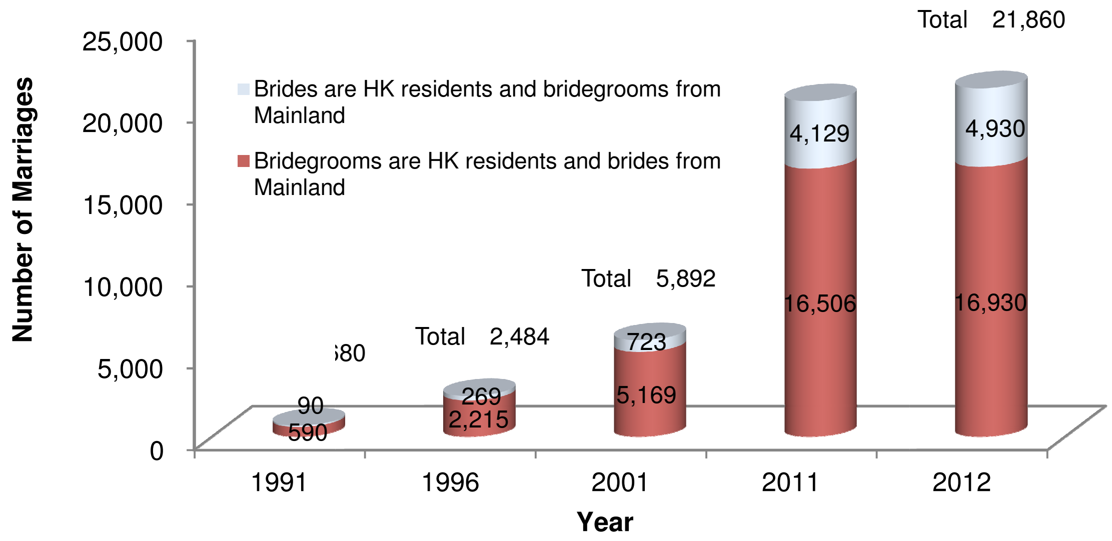
Source: "Hong Kong residents working in the mainland of China", C&SD (2011).

7.1.5 Apart from the growing economic linkages between Hong Kong and the Mainland, so, too, are social linkages growing. The number of marriages between Hong Kong residents and spouses from the Mainland registered in Hong Kong increased to some 21,860 in 2012, up from 680 in 1991 and 5,892 in 2001 (Figure 7.4). The marriages were biased towards bridegrooms who were Hong Kong residents and brides who were from the Mainland in a ratio of almost 4:1, although that ratio has shifted markedly from the 1990s when the ratio was about 8:1 in 1996. In 2012, the marriages represented just over one third of the total number of marriages registered in Hong Kong[41] and, in a society where most births occur within marriage, means that much of Hong

[41] "Women and Men in Hong Kong Key Statistics", C&SD (2013).

Kong's future reproductive capacity will come from these cross-boundary unions. Clearly, too, these marriages guarantee the continuation in the importance of Type I babies as spouses wait for a one-way permit. Over the short term, the importance of cross-boundary marriages is likely to continue in the context of a "marriage squeeze" in which Hong Kong residents, particularly males, are not able to find an appropriate spouse in a city which has seen rapidly equalising gender relations following increasing female education levels.

Figure 7.4 – Number of Marriages Registered in Hong Kong with Brides/ Bridegrooms from Mainland China, 1991 - 2012



Source: Latest statistics on "Marriage, Fertility and Family Conditions", C&SD.

7.1.6 Hence, in several ways, much of Hong Kong's future demographic growth, as well as its labour force growth, is closely tied with its linkages with Mainland China: in terms of migration through the formal immigration channels discussed earlier and in terms of Hong Kong's increasing integration into the population and economy of the Mainland, and particularly in the PRD. Nevertheless, Hong Kong as a global city will also depend upon the global economy and society. As the city moves towards 2030 and from the data on components of growth discussed above, the importance of migration to sustain its demographic growth and its labour force seems set to continue. These migrants have been and will continue to be drawn from a variety of sources and the incorporation of the patterns, volume and characteristics of that migration will give an insight into likely future trends.

Chapter 8: The Labour Force and the Future Demand for Labour

8.1 Uncertainties in the future demand and supply of labour

8.1.1 An introduction to the labour force was given in section 2.4 of this report, which looked briefly at the future of labour supply. However, the future demand for labour will depend upon a large number of factors, many of which will lie beyond the control of the HKSAR Government, most obviously the direction of the global and regional economies. The continuation of Hong Kong as a centre for the regional headquarters of transnational corporations and the relative mix of firms between large and small will all have a considerable impact on future labour demand, and particularly on the future demand for skills.

8.1.2 Hong Kong has experienced an economic transformation over the last half-century. Emerging from the 1950s as "the industrial colony"[42], Hong Kong maintained an export-oriented industrial strategy into the 1980s when changes in both Mainland China and Hong Kong favoured the progressive transfer of manufacturing into Shenzhen and the PRD. In 1971, fully 42.8 per cent of the working population was in manufacturing. By 1981, this had declined to 41.2 per cent, by 2001 to 12.3 per cent and to 4.0 per cent in 2011 based on the figures in these respective censuses. Conversely, financial, insurance, real estate and business services grew from 2.7 per cent in 1971 to 4.8 per cent in 1981, 16.1 per cent in 2001 and 25 per cent in 2011. Hong Kong has evolved from an industrial to a service economy.

8.1.3 The picture sketched in the previous paragraph is deceptive as the city maintains its industrial base. It is just that it is located across the boundary in Mainland China, with much of the management capability in the SAR and the workforce on the periphery of a much larger and increasingly integrated urban economic region. The demographic linkages were discussed in Chapter 7 above but the existence of this wider urban region that transcends two jurisdictions makes the forecasting of particular skill needs more problematic than if it were a single political unit. Nevertheless, Hong Kong's future demand will be at the higher end of the skill spectrum, in management and those required for a knowledge-based economy, but in addition to those in the service sector required to cater for these skilled.

[42] Keith Hopkins (ed.), *Hong Kong: The Industrial Economy*, Hong Kong, Oxford University Press, 1971.

8.1.4 Within the economic transformation, one characteristic has persisted: the importance of small firms as sources of employment. Establishments with fewer than 20 employees accounted for 43.2 per cent of the working population other than those in the civil service in 1992.[43] In 2011 and 2012, the percentages were virtually identical at 42.6 and 42.9 per cent respectively. However, the relative importance of large firms with 1,000 employees or more as sources of employment had grown at the expense of the more medium-sized establishments. This trend was particularly marked in the financial and insurance services, real estate, and professional and business services, where growth in employment grew most rapidly (Table 8.1). For example, the numbers of employees in these three sectors in establishments with 1,000 employees or more grew by 130.1, 205.8 and 127.5 per cent respectively between 2001 and 2011 compared with just 17.4, 40.5 and 27.5 per cent for establishments with fewer than 20 employees. Taking all establishments in Hong Kong between 2001 and 2011, the number of employees in large establishments grew by 63.5 per cent compared with 11.1 per cent in small establishments.

[43] "Hong Kong Annual Digest of Statistics", C&SD (2013).

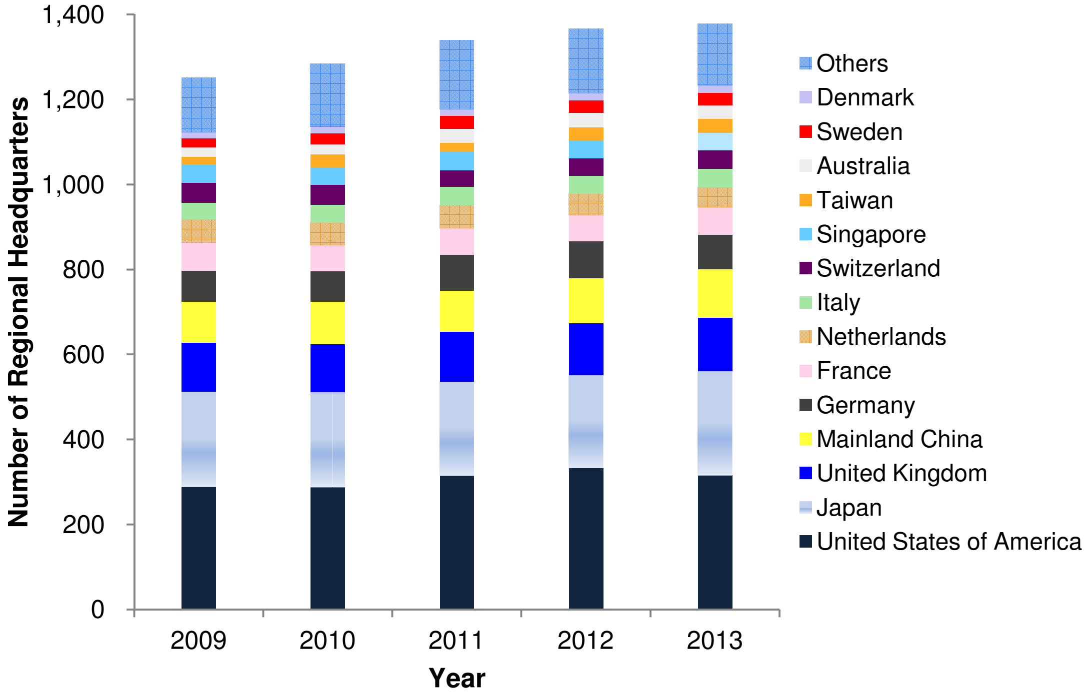
Table 8.1 – Number of Persons Engaged (other than in the Civil Service) by Selected Industries, 2001 and 2011

Number of Persons	Financial and Insurance			Real Estate			Professional and Business Services			Total of All Industries in Hong Kong		
	2001	2011	% Change	2001	2011	% Change	2001	2011	% Change	2001	2011	% Change
1 - 9	31,322	40,542	29.4%	22,427	30,683	36.8%	61,524	84,427	37.2%	718,953	806,578	12.2%
10 - 19	19,576	19,229	-1.8%	8,884	13,323	50.0%	23,768	24,300	2.2%	289,637	313,845	8.4%
20 - 49	20,440	23,775	16.3%	10,583	11,148	5.3%	28,562	30,091	5.4%	322,789	355,101	10.0%
50 - 99	12,501	12,492	-0.1%	9,440	8,698	-7.9%	18,260	20,303	11.2%	250,558	256,558	2.4%
100 - 199	11,812	13,721	16.2%	6,065	8,460	39.5%	16,143	16,327	1.1%	167,671	169,290	1.0%
200 - 499	21,440	22,476	4.8%	5,645	8,552	51.5%	26,654	30,834	15.7%	160,530	181,253	12.9%
500 - 999	20,729	21,973	6.0%	8,008	9,669	20.7%	20,046	31,344	56.4%	115,231	122,393	6.2%
1,000 and over	23,079	53,116	130.1%	10,372	31,719	205.8%	40,079	91,167	127.5%	260,087	425,158	63.5%
Total	**160,899**	**207,324**	**28.9%**	**81,424**	**122,252**	**50.1%**	**235,036**	**328,793**	**39.9%**	**2,285,456**	**2,630,176**	**15.1%**

Source: "Hong Kong Annual Digest of Statistics", C&SD (2012 and 2013).

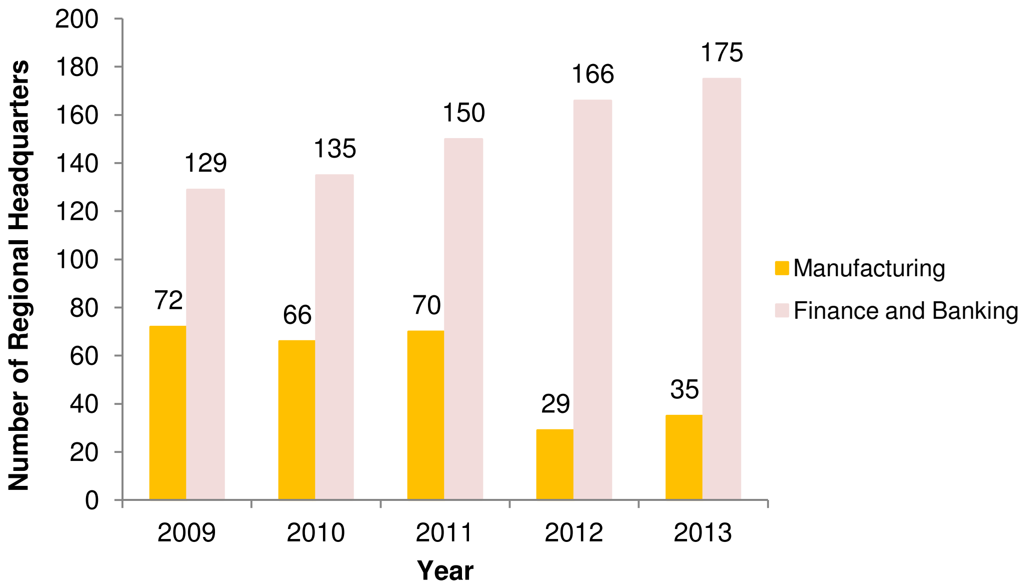
8.1.5 Large firms and small firms have different recruitment strategies, with the latter depending more on the local market. When they do turn to recruitment agents, they tend to source their employees in Hong Kong, leading to intense competition among establishments locally, which pushes up remuneration. Large establishments tend to use intra-corporate transferees and agents with contacts at local, regional and global levels. The number of regional headquarters of foreign companies is shown in Figure 8.1 showing the continued importance of Hong Kong as a regional hub for global and regional firms. The number of such firms grew by just over 10 per cent between 2009 and 2013. However, the nature of these companies may be changing, with a shift away from manufacturing and towards finance (Figure 8.2). Informed opinion suggested that the presence of these regional headquarters was an important factor in the churn in population observed in paragraph 4.5.2 above.

Figure 8.1 – Number of Regional Headquarters in Hong Kong by Origin of Parent Company, 2009 - 2013



Source: Latest statistics on "Companies in Hong Kong Representing Parent Companies Located outside HK", C&SD.

Figure 8.2 – Number of Regional Headquarters by Selected Major Lines of Business in Hong Kong, 2009 - 2013

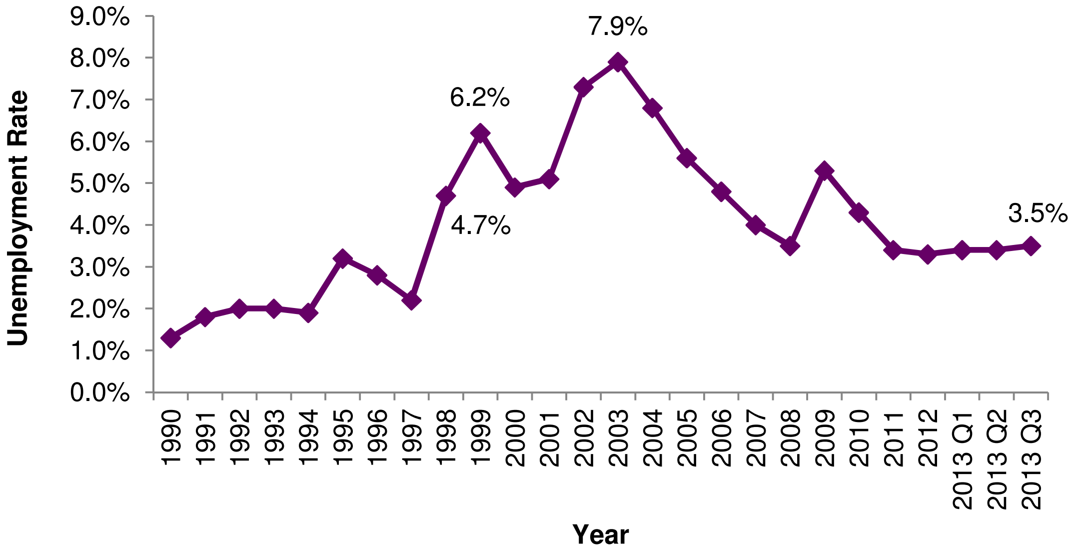


Source: "Report on Annual Survey of Companies in Hong Kong Representing Parent Companies Located outside Hong Kong", C&SD (2013).

8.2 Characteristics of the labour market

8.2.1 Unemployment in Hong Kong has been relatively low over the last 20 years by the standards of other developed economies. At around 2 per cent of the labour force in the early 1990s, it rose after the Asian financial crisis in 1997 to reach 4.7 per cent in 1998 and 6.2 per cent in 1999, after which it declined to around 5 per cent in 2000-2001. Unemployment then rose again in the early years of the twenty-first century to reach 7.9 per cent in 2003, after which it has decreased with a few fluctuations to represent just over 3 per cent of the labour force in 2012-2013 (Figure 8.3).

Figure 8.3 – Unemployment Rate in Hong Kong, 1990 - 2013 Q3



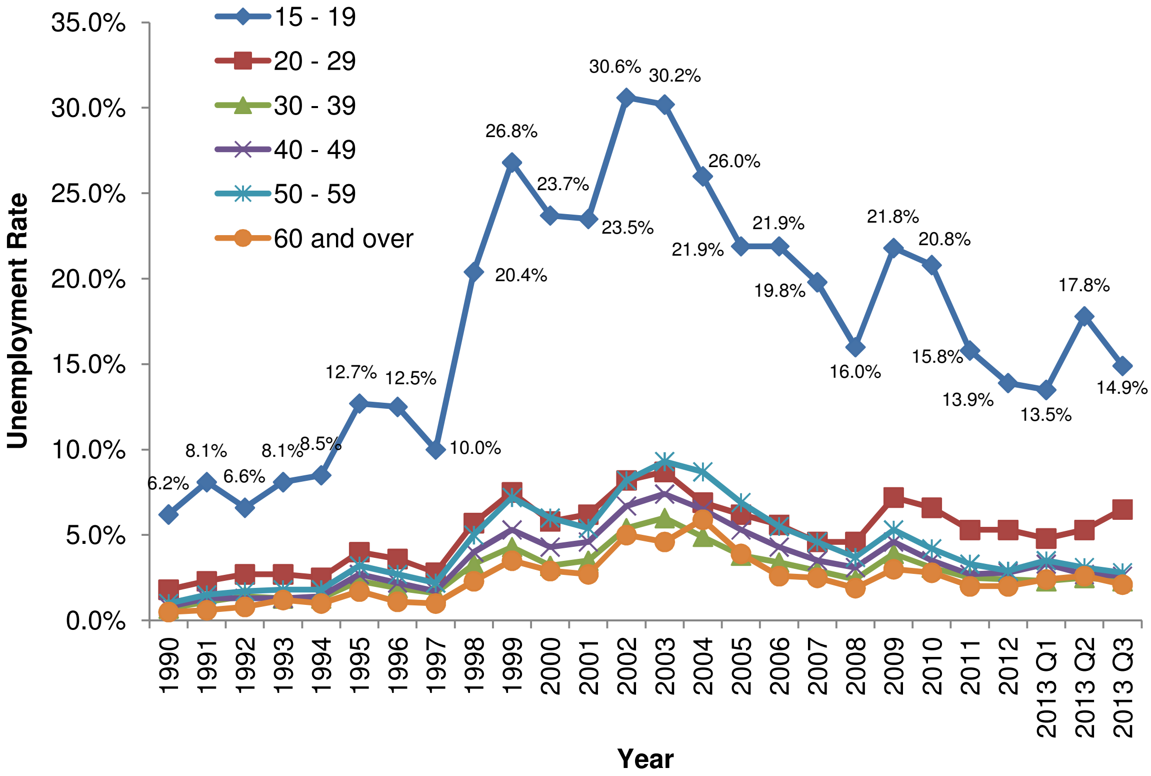
Source: Latest statistics on labour force, C&SD.

8.2.2 The apparent exception might relate to youth unemployment, which is relatively high when compared with cohorts in the labour force 20 years of age and older. However, it has generally mirrored the overall pattern of unemployed but at a higher level over the last two decades (Figure 8.4). Such a pattern, in which first-time job seeking plays such an important part, is typical of advanced economies. One study in Hong Kong, taking the youth group as 15-24 years old, found that the unemployment rate in 2012 was 9.3 per cent.[44] This rate was much lower than for the United States (17.3 per

[44] "Third Quarter Economic Report 2012", Economic Analysis Division, Economic Analysis and Business Facilitation Unit, Financial Secretary's Office, HKSAR Government.

cent), the European Union (21.3 per cent) and Australia (11.3 per cent). It was also lower than that in Taiwan (12.5 per cent), similar to that in the Republic of Korea (9.6 per cent) but higher than that in Singapore (6.7 per cent).

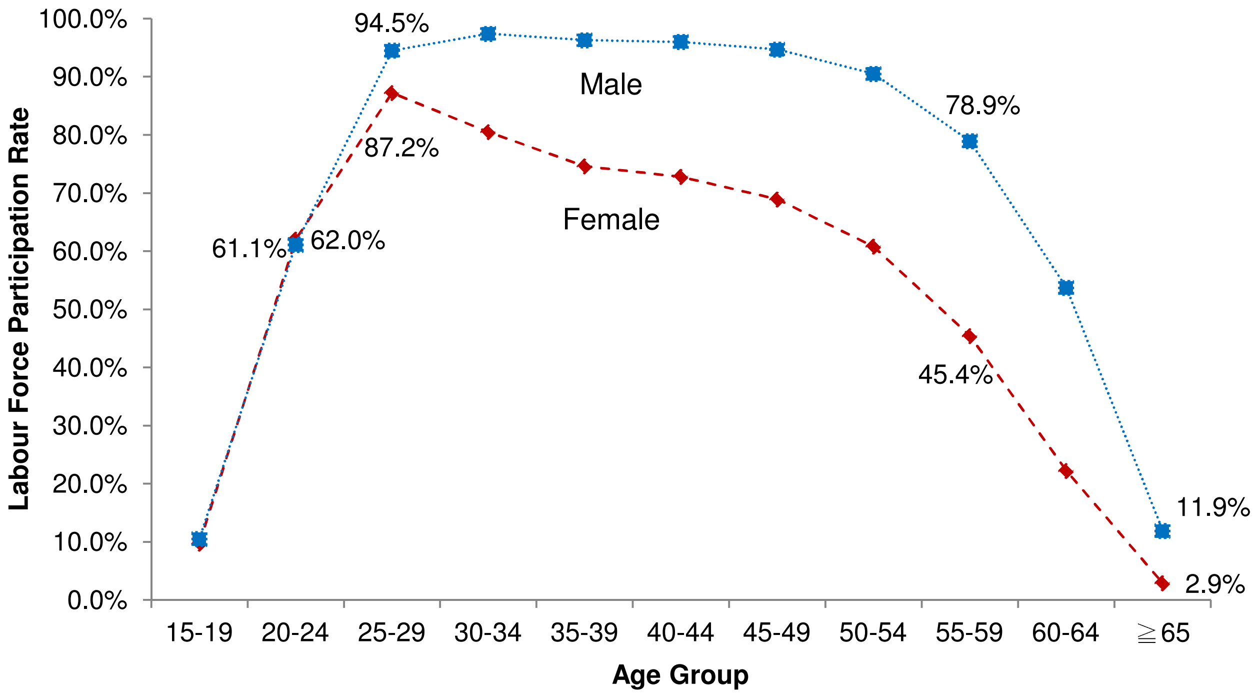
Figure 8.4 – Unemployment Rate in Hong Kong by Age Group, 1990 - 2013 Q3



Source: Latest statistics on labour force, C&SD.

8.2.3 Thus, the labour market in Hong Kong is very tight, with little surplus capacity. In 2012, the female labour force participation rate in the age group 20-24 was marginally higher than that for males, after which it fell gradually (Figure 8.5). The difference in the age group 25-29 was 7.3 percentage points but rose progressively through the age groups to reach more than 30 percentage points in the age group 55-59 years, where male and female rates were 78.9 and 45.4 per cent respectively. While female rates could and should be increased it must also be recognised that any such policy might further reduce childbearing and accelerate the ageing of the population. The most realistic option might be to encourage greater participation among the population in the older age cohorts, including the over 65s where the rates in 2012 were 11.9 and 2.9 per cent for males and females respectively.

Figure 8.5 – Labour Force Participation Rate by Age Group and Sex, 2012



Source: "Women and Men in Hong Kong Key Statistics", C&SD (2013).

8.2.4 Immigration and the importation of labour may thus be a logical response to a tight labour market. The proportions of workers by birthplace and industry and occupation are given in Table 8.2 and Table 8.3. As could be expected from the general discussion of migration in section 5.3 above, the proportion of non-Hong Kong and non-Mainland China-born workers is small, generally between 2 and 5 percent of the working population in any industry and 10.8 per cent overall (Table 8.2). Only in the category "Miscellaneous Social and Personal Services" do those born elsewhere dominate, a reflection of the importance of foreign domestic helpers discussed in more detail in paragraphs 5.3.5 and 5.3.6 above. With that exception, the highest proportion of those born elsewhere is to be found in the "Finance and Insurance" category at 7.6 per cent. It is also worth pointing out that those born in Mainland China, Macao and Taiwan account for very significant proportions of those in both "Construction" and in "Accommodation and Food Services" categories.

Table 8.2 – Working Population by Industry and Place of Birth, 2011

Industry	Place of Birth						
	Hong Kong		Mainland China/ Macao/Taiwan		Elsewhere		Total
	No.	%	No.	%	No.	%	No.
Manufacturing	96,917	67.8%	41,921	29.3%	4,135	2.9%	142,973
Construction	149,827	54.4%	119,652	43.4%	6,038	2.2%	275,517
Import/export, wholesale and retail trades	551,108	68.4%	225,276	28.0%	28,885	3.6%	805,269
Transportation, storage, postal and courier services	235,690	74.4%	70,682	22.3%	10,225	3.2%	316,597
Accommodation and food services	137,517	49.3%	130,043	46.6%	11,379	4.1%	278,939
Information and communications	94,228	80.7%	16,871	14.4%	5,658	4.8%	116,757
Financing and insurance	168,963	77.0%	33,917	15.4%	16,684	7.6%	219,564
Real estate, professional and business services	304,948	66.0%	135,250	29.3%	21,877	4.7%	462,075
Public administration, education, human health and social work activities	405,576	79.0%	91,803	17.9%	15,945	3.1%	513,324
Miscellaneous social and personal services	88,851	22.8%	40,046	10.3%	260,678	66.9%	389,575
Others	19,078	70.2%	7,607	28.0%	506	1.9%	27,191
Total	2,252,703	63.5%	913,068	25.7%	382,010	10.8%	3,547,781

Source: "Working Population by Place of Birth, Age Group and Industry", 2011 Population Census, C&SD.

Table 8.3 – Working Population by Occupation and Place of Birth , 2011

Occupation	Place of Birth						
	Hong Kong		Mainland China/ Macao/Taiwan		Elsewhere		Total
	No.	%	No.	%	No.	%	No.
Managers and administrators	259,137	72.0%	66,315	18.4%	34,265	9.5%	359,717
Professionals	184,150	79.6%	29,646	12.8%	17,575	7.6%	231,371
Associate professionals	548,359	78.9%	120,870	17.4%	25,374	3.7%	694,603
Clerical support workers	436,330	79.0%	106,610	19.3%	9,259	1.7%	552,199
Service and sales workers	350,782	61.0%	208,309	36.2%	16,301	2.8%	575,392
Craft and related workers	143,612	55.0%	113,435	43.4%	4,097	1.6%	261,144
Plant and machine operators and assemblers	126,003	70.4%	49,336	27.6%	3,725	2.1%	179,064
Elementary occupations	202,722	29.3%	216,783	31.4%	271,403	39.3%	690,908
Skilled agricultural and fishery workers and occupations not classifiable	1,608	47.5%	1,764	52.1%	11	0.3%	3,383
Total	2,252,703	63.5%	913,068	25.7%	382,010	10.8%	3,547,781

Source: "Working Population by Place of Birth, Age Group and Occupation, 2011", 2011 Population Census, C&SD.

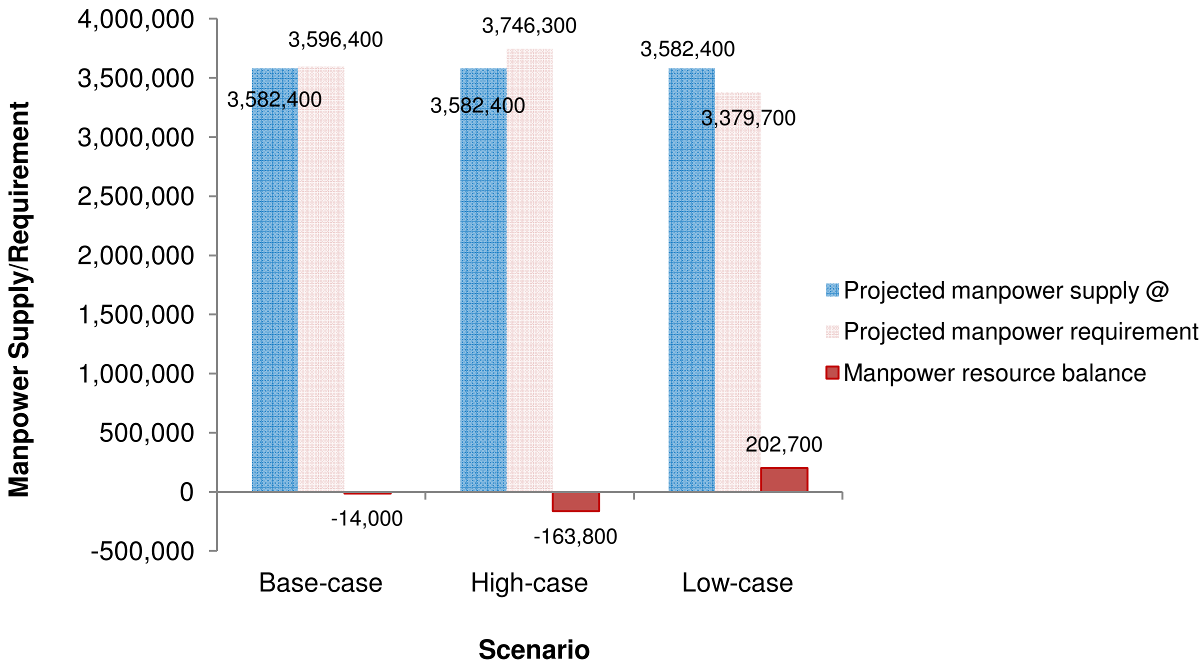
8.2.5 In terms of occupation, again the only category in which those born elsewhere form the largest group is in "Elementary Occupations", reflecting their importance as domestic helpers (Table 8.3). At the other end of the skill spectrum, those born elsewhere represent 9.5 and 7.6 per cent respectively of the "Managers and Administrators" and of the "Professionals". However, these figures can be deceptive and very small numbers of highly skilled in specific categories can have an impact well beyond what might be expected. That is, the quality rather than the quantity of migrants in certain categories can make the critical difference in whether tasks are implemented and objectives achieved. Nevertheless, these data suggest that Hong Kong is generating much of the labour that it needs at most skill levels, although supported by large numbers born in Mainland China, by a significant workforce of domestic helpers that helps to liberate the Hong Kong population into the labour force and by a relatively small number of expatriates. Whether this situation will continue into the future will be considered next.

8.3 Future labour supply and demand

8.3.1 The principal source for future labour supply and demand is the Report on Manpower Projection to 2018, a comprehensive and well-designed assessment of future labour demand in all sectors of the Hong Kong economy in the context of the future labour supply.[45] This comparison generates the "Manpower Resource Balance" projected to 2018 under a number of assumptions about economic growth and employment growth, that is, the balance between labour needs in each sector and industry and the labour supply available to fill those needs. These crystallise around three scenarios: "Base-case", the best guesstimate; and the "High-case" and "Low-case", which respectively assume more rapid or less rapid economic growth (Figure 8.6). The Manpower Resource Balance varies from a marginally negative -14,000 in the base-case scenario to -163,800 in the case of high economic growth to a surplus labour of +202,700 were economic growth to fall below expectations. Even in the high-case and low-case scenarios, the respective labour deficit and surplus represent just -4.4 and +6.0 per cent of the labour force projections to 2018.

[45] "Report on Manpower Projection to 2018", Labour and Welfare Bureau, HKSAR Government (2012).

Figure 8.6 – Projected Manpower Resource Balance under Three Scenarios, 2018



Notes:
@ Historical data suggest no apparent relationship between economic growth and manpower supply in the short to medium term. Thus, no adjustment to the Manpower Supply Projection has been made in the scenario studies.
Totals may not add up due to rounding.

Source: "Report on Manpower Projection to 2018", Labour and Welfare Bureau, HKSAR Government (2012).

8.3.2 Such projections, even over the relatively short time horizon to 2018, are fraught with difficulty and uncertainty. As seen in the events around the global financial crisis of 2008, no one is capable of predicting accurately the course of economies. Nevertheless, such scenario-building exercises are useful to try to gauge where labour shortages and surpluses are likely to be found. The most robust projections are perhaps in the educational and skills composition of the labour force. These show that the sharpest increases are likely to be in the postgraduate category, although all manpower in all educational and skill levels except lower secondary and below and upper secondary see increases (Table 8.4). Clearly, Hong Kong's labour force is becoming markedly more qualified and this can be expected to continue beyond 2018. By 2018, almost 30 per cent of Hong Kong's labour force is projected to have either a first degree or postgraduate qualifications (Figure 8.7). Nevertheless, some employers question the quality of the training received at local institutions and whether these degrees prepare young people for real work experience and the type of skills required.

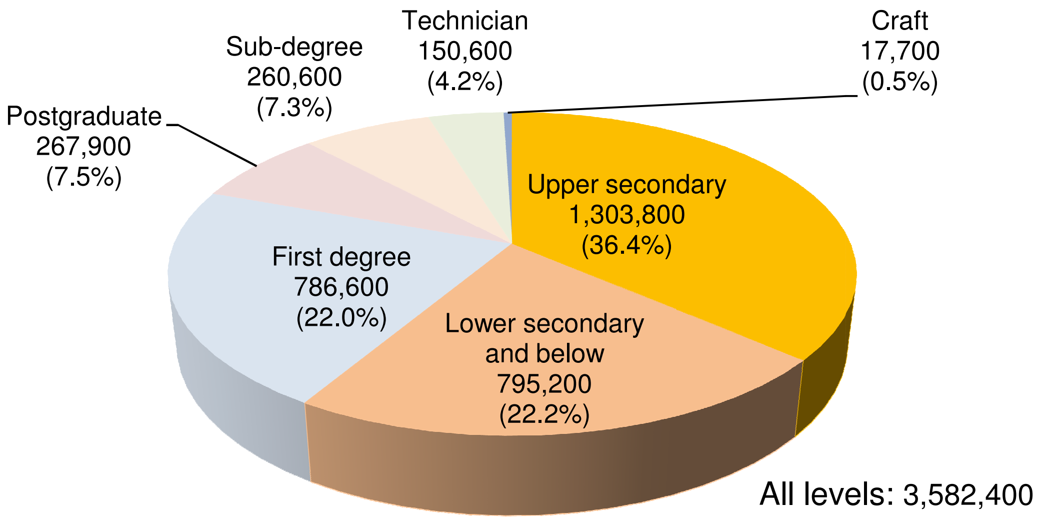
Table 8.4 – Local Manpower Supply by Education/Skill Level, 2010 and 2018

Education/Skill Level	Actual Local Manpower Supply in 2010	Projected Local Manpower Supply in 2018	Change (%)
Craft	12,500	17,700	+5,200 (+41.6%)
Technician	111,700	150,600	+38,800 (+34.7%)
Lower secondary and below	1,017,300	795,200	-222,100 (-21.8%)
Upper secondary	1,314,900	1,303,800	-11,200 (-0.8%)
Sub-degree	175,200	260,600	+85,400 (+48.7%)
First degree	633,100	786,600	+153,500 (+24.2%)
Postgraduate	155,300	267,900	+112,600 (+72.5%)
All levels	3,420,200	3,582,400	+162,200 (+4.7%)

Note: Totals may not add up due to rounding.

Source: "Report on Manpower Projection to 2018", Labour and Welfare Bureau, HKSAR Government (2012).

Figure 8.7 – Projected Local Manpower Supply by Education/Skill Level, 2018



Source: "Report on Manpower Projection to 2018", Labour and Welfare Bureau, HKSAR Government (2012).

8.3.3 The high level of Hong Kong's skilled labour force begs the question where the less skilled are likely to come from as the SAR moves towards 2030. The manpower report projected a small surplus at lower secondary and below by 2018 (Table 8.5). However, this surplus may not be sufficient to meet the demand for unskilled labour or may be unwilling to undertake such tasks. Labour shortages in construction, retail, and accommodation and food services have persisted for over a decade (Table 8.6). At end-2012, vacancies in the three sectors were 801, 7,556 and 11,859 respectively. Considering that vacancies in these less-skilled sectors are not a temporary problem, considerable thought must be given to a longer-term solution. Given that wage rates are rising in the Mainland, the traditional source of such labour, and that the labour market is tightening there, too, the HKSAR Government might consider developing Government-to-Government agreements with other potential sources of supply in Southeast and South Asia. Such agreements would be primarily for less-skilled labour on clearly defined terms within existing international agreements such as those recommended by the International Labour Organization.

Table 8.5 – Projected Manpower Resource Balance by Broad Education/Skill Level, 2018

Education/Skill Level	Projected Manpower Supply	Projected Manpower Requirement	Projected Manpower Resource Balance (Supply – Requirement)
Lower secondary and below	795,200	786,700	+ 8,500
Upper secondary, Craft, Technician and Sub-degree	1,732,700	1,754,600	- 22,000
First degree and above	1,054,600	1,055,000	- 500
Total	3,582,400	3,596,400	- 14,000

Note: Totals may not add up due to rounding.

Source: “Report on Manpower Projection to 2018”, Labour and Welfare Bureau, HKSAR Government (2012).

Table 8.6 – Number of Establishments, Persons Engaged and Vacancies by Industry, 2002 - 2012

Year	Construction Sites (Manual Workers Only)		Retail		Accommodation and Food Services	
	Persons Engaged	Vacancies	Persons Engaged	Vacancies	Persons Engaged	Vacancies
2002	66,393	28	208,386	1,472	208,347	1,073
2003	68,306	36	213,211	2,326	204,548	1,689
2004	61,247	33	215,432	2,588	213,043	2,165
2005	54,456	21	219,495	3,620	223,222	4,246
2006	51,004	16	226,441	4,106	233,679	3,795
2007	50,103	15	233,472	4,390	240,660	5,392
2008	49,448	11	236,910	3,527	240,719	5,694
2009	53,154	30	239,782	4,575	247,045	4,725
2010	55,425	68	248,349	4,936	255,288	7,814
2011	69,395	330	254,974	6,277	266,315	8,992
2012	70,578	801	260,246	7,556	274,195	11,859

Source: Number of establishments, persons engaged and vacancies (other than those in the civil service) analysed by industry sub-class, C&SD (2012).

8.3.4 In terms of construction projects, special labour agreements are reached with the companies awarded the contracts for workers to be brought in, mainly from the Mainland, specifically for the duration of the project. It could also be argued that automation replaces certain positions and makes the need for such labour redundant. However, many activities in the service industry that specifically cater to the highly skilled cannot be so simply automated. Waiters in restaurants, service personnel in fast-food outlets, delivery personnel for documents, and office cleaners, window cleaners and the host of behind-the-scenes workers who create the working and social environment that the highly skilled have come to expect will be required to support the knowledge and financial economy. Consequent upon the rising education and aspiration levels of the Hong Kong labour force, increasingly the SAR will have to turn to external sources of supply for what are seen to be lower-tier jobs. The issues of temporary workers and circular migrants with which many countries in Europe, North America and Australasia are currently wrestling will have to be faced by the SAR. Hence, it is not simply the importation of skills that will be an issue but of the supply of those workers needed to support those skills. The skilled and less-skilled migration systems may be very different but they are interlinked and mutually dependent.

8.3.5 Great uncertainty remains with projections such as these. Quite apart from the hazards of predicting economic cycles, advances in technology can shift the nature of labour requirements in particular sectors. Some of the assumptions made in the projections are quite heroic, such as the substitutability of skills at any particular education level. In reality, as the authors of the manpower report well realise, each profession has its own very specific requirements. Matching labour demand with the available supply is a very inexact science, and it is this mismatch that is the fundamental driver for migration.[46] As seen in the channels of immigration listed in section 4.4 above, and particularly the GEP (Figure 5.7) and the ASMTP (Figure 5.2), migrants enter to fill positions in highly skilled categories. Some 41 per cent of those admitted under ASMTP since its inception in 2003 to 2013 fell into the category Academic Research and Education, for example (Appendix 2). Most of all, these numbers are deceptive because they do not include so many who are vital to the future of the Hong Kong economy and live and work in Mainland China, as outlined in Chapter 7 and paragraph 8.1.3 above.

[46] One of the most comprehensive assessments of labour shortages and immigration for a single country, the United Kingdom, is contained in M. Ruhs and B. Anderson (eds.), *Who Needs Migrant Workers? Labour Shortages, Immigration and Public Policy*, Oxford, Oxford University Press, 2010.

Chapter 9: A Role for Policy in the Process

9.1 Policy in the Hong Kong context

9.1.1 Hong Kong has so often been seen, and has seen itself, as a bastion of free trade and an economy dominated by the market under a system of laissez-faire capitalism. The reality is more complex, with the Government playing a major role through its control of access to land, and also in the supply of housing, education and health care. Trade and capital may flow freely but the Government increasingly has become involved in both macroeconomic policy, through budgetary stabilisation and fiscal prudence as laid out in the Basic Law, and in microeconomic policy as, for example, the setting of a minimum wage from 1 May 2011. Nevertheless, and despite the mixed nature of the economy, Hong Kong remains a more open, non-interventionist economy than most in the region, a non-interventionism that makes planning for future population, manpower and economic growth somewhat problematic.

9.1.2 Hong Kong has avoided the interventionism in population policy followed by Singapore, for example, which implemented a series of incentives to have smaller families and disincentives to have larger families, which were later changed to incentives for educated couples to have larger families. Rather than introduce such direct policy measures to attempt to direct demographic change, Hong Kong has preferred to rely on indirect measures that are implemented to create the kind of environment in which people may wish to behave in a way that will achieve the desired goal. In Hong Kong, the government-subvented Family Planning Association offers counselling services and health and sex education through its clinics.

9.1.3 The evidence from global studies of fertility behaviour suggests that specific measures to influence couples positively to have children, which can be a policy objective in ageing societies, encompass one or more of the incentives listed in Table 9.1. Nevertheless, given the cost of raising a child as outlined in paragraph 3.4.2 above, no guarantee exists that couples will actually respond to these indirect measures by having more children. Social engineering is an inexact science and one about which strong ethical questions exist.

Table 9.1 – Measures That Could Influence Fertility

Measures
● Paid maternity leave (currently 10 weeks in Hong Kong) ● Paid paternity leave (since 2012 for civil servants in Hong Kong) ● Tax allowances ● Pre-primary education vouchers (since 2007 in Hong Kong) ● Free primary and secondary education ● Free or highly subsidised tertiary education ● Easily accessible and affordable child-care arrangements ● Housing of adequate size for bringing up children ● The less tangible goal of creating a pleasant and child-friendly environment

9.1.4 The management of migration is even more complex than fertility. The various channels of entry were discussed in section 4.4 above. However, these direct policies are essentially responding to a demand, either from individuals to enter Hong Kong or from companies or institutions to allow labour to enter the SAR. What influences that demand depends upon a great number of factors, many of which lie beyond Hong Kong's control. Nevertheless, HKSAR Government policy will influence the choice of industries and activities that are set up within the SAR, which in turn will influence labour demand. These policies, which generally fall under the rubric of development policy, will impact upon migration and can be considered indirect policies.

9.1.5 Before moving on to consider these indirect policies that are likely to impact upon migration to 2030, attention needs to be drawn to a set of other direct migration policies: those that are specifically targeted at migrants. These centre round the issue of integration. When migrants are not successfully integrated into the destinations, their human capital may not be used to the best effect and social problems may result. One of the reasons, though not necessarily the main reason, for the high turnover in the Hong Kong population may be a lack of integration. Programmes for integration need to be devised for people at all skill levels, not just for those entering through the OWP from the Mainland.

9.1.6 One of the outcomes of a lack of a clear integration has resulted in what are termed the "minority" populations. These are mainly from South Asia and date from colonial times. As at Jan 2014, there were over 60,000 South Asian ethnic minority people living in Hong Kong, an increase of 50 per cent over the past decade.[47] They have encountered difficulties in education (in particular learning Chinese), employment and integration into the community. In 2010/11, the number of ethnic minority students attaining tertiary education is disproportionately low (41 students) compared with the majority local ethnic Chinese (16,516 students).[48]

9.1.7 The HKSAR Government and other non-governmental organisations continue to provide education support and employment services for minorities. For instance, the Government will strengthen the Chinese learning support for ethnic minorities from early childhood education to primary and secondary levels. On employment, the Civil Service Bureau will follow up with various departments on the review of and adjustments to the language proficiency requirements, ensuring that ethnic minorities will have equal access to job opportunities in the Government.[49] Many ethnic minorities consider Hong Kong to be their home and continuous support needs to be provided to help them attain higher education, develop careers and integrate into the society.

9.2 Indirect migration-related policies

9.2.1 Beyond the direct migration policies that deal with channels of entry, other direct policies seek to exclude free movement. Inherited from the previous colonial government, Hong Kong maintains a tightly-controlled boundary policy with a complex series of barriers separating the SAR from neighbouring Shenzhen. Nevertheless, the number of land boundary crossings has grown from one to seven over recent years (Table 9.2) as the human and economic links between Hong Kong and the Mainland have become stronger, as described in Chapter 7 above. While an economic case might be made for increasing integration between Hong Kong and the Mainland to produce the single mega-urban area envisaged in Chapter 7, policy concerns will conform to the Basic Law and the coexistence of two systems within one country until 2047. Within the open Hong Kong system, a number of policies (Table 9.3) will be crucial over the next decades. These will need to be integrated in a

47 "2014 Policy Address", HKSAR Government (2014).
48 "The number of ethnic minority students attaining tertiary education is low", *AM 730*, 12 July 2011.
49 See note 48.

satisfactory way if Hong Kong is to guarantee its prosperity to 2030 in the face of an ageing population.

Table 9.2 – Seven Land Boundary Crossings

Seven Land Boundary Crossings
• Hung Hom Control Point • Lo Wu Control Point • Lok Ma Chau Control Point • Lok Ma Chau Spur Line Control Point • Man Kam To Control Point • Sha Tau Kok Control Point • Shenzhen Bay Port

Table 9.3 – Policies Crucial to Prosperity

Crucial Policies
• Industrial policy • Education policy • Health policy • Housing policy • Transport policy • Social policy • Environmental policy

9.2.2 Hong Kong needs to identify where it holds the greatest comparative advantage over other centres in the region and beyond. Progress has been made in this direction with the nomination of “Four Pillar Industries”, “Six Industries” and “Four Working Groups” (Table 9.4):

Table 9.4 – Policy Direction

Four Pillar Industries #
• Financial services • Trading and logistics • Tourism • Professional and producer services
Six Industries ##
• Cultural and creative industries • Medical services • Education services • Innovation and technology • Testing and certification services • Environmental industries
Four Working Groups ###
• Transportation • Convention and exhibition industries and tourism • Manufacturing industries, innovative technology, and cultural and creative industries • Professional services

Notes:
These traditional four key industries have been the driving force of Hong Kong's economic growth, providing impetus to growth of other sectors and creating employment. Source: "The Four Key Industries and Other Selected Industries in the Hong Kong Economy", C&SD (2013).
Plans to promote growth of these six industries were unveiled in 2009 by then Chief Executive Donald Tsang. Source: "The Four Key Industries and Other Selected Industries in the Hong Kong Economy", C&SD (2013).
These four working groups were set up under the Economic Development Commission by Chief Executive CY Leung. Source: "Economic Development Commission held its first meeting today", Information Services Department, HKSAR Government, 13 March 2013.

9.2.3 However, a government with a non-interventionist tradition is not going to identify or stipulate what the specific industries should be but will attempt to create the conditions that will attract the types of activities that are seen to best fit the future vision of Hong Kong. Such factors will be the provision of adequate land with associated infrastructure such as road access and utilities that will be required for the industries deemed most appropriate. From Table

9.4 above, knowledge industries are at the core of a future vision for Hong Kong.

9.2.4 The Planning Department has envisaged a "reference strategy", or what is deemed the most likely future scenario in terms of population and economic growth, together with low population growth/moderate economic growth and high population growth/high economic growth as variants.[50] In the first of the two variants, for example, cross-boundary movements accelerate as Hong Kong meets more of its labour needs from people living in the Mainland and commuting into the city, with a resultant difference of some 300,000 between resident and daytime populations envisaged by 2030. In both the reference and high population growth scenarios, most of the future unskilled labour is sourced within Hong Kong, but with a need to import up to 100,000 skilled professionals by 2030. However, these numbers of projected skilled and less-skilled workers are highly uncertain because the exact nature of the industries is unknown and the nature of the demand will vary to 2030 because of changing technologies. Informed feedback from key informants suggested that Hong Kong may be losing its regional position in trading and logistics (particularly port development), for example, to neighbouring parts of the Mainland.

9.2.5 Perhaps the industry that is central to Hong Kong's continued prosperity is finance and insurance and its associated activities, particularly legal services. The number of people employed in finance and insurance increased by 29 per cent between 2001 and 2011 to 207,324 (Table 8.1) and is the sector with most people born elsewhere, as seen in paragraph 8.2.4 above. Its future vitality and ability to attract the top talent in the field will depend not only on the continued freedoms to trade but also on an environment where good governance, the rule of law and a lack of political interference can be guaranteed as stipulated under the Basic Law. Nevertheless, finance is but one pillar and the HKSAR Government would do well to seek to maintain a balance to the economy. For example, Hong Kong is still a significant centre of manufacturing even if most of the plant and labour are located in Mainland China. Other activities such as education and health, as discussed in section 9.3 below, will be critical to both the production and the maintenance of future talent.

[50] "Hong Kong 2030: Planning Vision and Strategy", Planning Department, HKSAR Government (2007).

9.2.6 To support the future workforce in these knowledge and finance industries, the Government must ensure sufficient housing in both quantity and quality to attract the workers. It must ensure sufficient education places for the children of the workers and ready availability of appropriate health care. All these are part of creating an environment that will be attractive to prospective workers from the Mainland and from elsewhere, where government policies can play perhaps the decisive role in bringing skilled migrants to Hong Kong in an increasingly competitive regional and global market for people at this level.

9.2.7 The final industry, one of the four pillars in Table 9.4 above, and one that brings so many dimensions together is tourism. In 2011, it employed directly some 233,500 workers, or 6.6 per cent of total employment and generated value added of HK$86.2 billion, or 4.5 per cent of Hong Kong's GDP.[51] It is also one of the fastest-growing sectors, registering a 16 per cent increase in the number of visitor arrivals from 2011 to 2012 to a record figure of 48.6 million. A further increase is expected in 2013, with a 12.3 per cent increase in the first ten months of 2013 over the equivalent period in 2012.[52] The tourism industry is also linked to the importance of the convention business, both of which require workers with skills in understanding regional and global markets.

9.2.8 The main growth market in tourism is, however, Mainland China and the newly wealthy middle-income groups that are a consequence of that country's rapid development. Hence, the future trends of this pillar industry will be very much dependent upon the continued growth trajectory of the Mainland and secondarily on the prosperity of the global community. Hong Kong capitalises upon its location next to Mainland China directly for its visitors and secondarily for the transit of others into and out of that country. However, it clearly also has its own attractions, primarily the retail trade, but also the opportunity to visit iconic urban landscapes brought about through the finance industry, the more niche markets for entertainment of various types, as well as walks in the less stressful islands and hills of the New Territories.

9.2.9 The nature of the physical environment itself is important for tourism as well as a factor in whether talented migrants will choose to make Hong Kong their home on a temporary or longer-term basis. Hence, policies that relate to the quality of the environment also need to be part of the equation. Whether the

[51] "Tourism", Hong Kong Fact Sheets 2013, HKSAR Government.
[52] "Monthly Report - Visitor Arrivals Statistics: Oct 2013", Hong Kong Tourism Board (2013).

environment is relatively free of pollution or noise and has adequate facilities for recreation are important factors needed in order to attract skilled migrants.

9.2.10 Security is also a concern and Hong Kong is seen as one of the safest places by expatriates to bring up a child.[53] However, one issue identified by expatriates is the lack of channels through which to realise a greater integration into the local community. Unlike other global cities, integration policies are not seen as important for non-Chinese populations and this issue may take on greater importance over the period to 2030 if Hong Kong is going to maintain its global outlook as part of its continuing vitality.

9.2.11 However, and most basically, remuneration is ultimately the driving force in attracting the skilled and talented and Hong Kong does well in a global assessment of life and returns for expatriates in a survey carried out by HSBC, where it came fourth in a global league table and just behind Singapore (at number 1), Bermuda and Thailand.[54] For skilled expatriates, the principal concerns were the cost of accommodation, the costs of health care brought on by the scarcity of medical personnel and discussed in more detail in paragraphs 9.3.7 and 9.3.8 below, and the costs of child care.

9.3 Critical policy areas for Hong Kong's future: education and health

9.3.1 Education is one of the clear areas where Hong Kong has a comparative advantage. It has nine publicly funded universities, including the Open University of Hong Kong, four of which were included among the top 200 universities in the Times Higher Education (THE) World University Rankings of 2012-2013: the University of Hong Kong (HKU), the Hong Kong University of Science and Technology (HKUST), the Chinese University of Hong Kong (CUHK) and the City University of Hong Kong.[55] A strong case has been made for Hong Kong as a "regional education hub".[56] Nevertheless, as the authors of the "education hub report" reveal, recurrent public funding for tertiary education was lower in 2009 than in the late 1990s. The most recent THE ranking of world universities has revealed that in 2013-2014, one of Hong Kong's universities had dropped out of the top 200 "world's best" and HKU,

[53] "HSBC Expat: Expat Explorer Survey 2012", HSBC (2012).
[54] Ibid.
[55] "World University Rankings 2012-13", Times Higher Education (2012).
[56] Y. C. Cheng, A. C. K. Cheung and T. W. W. Yeun, Development of a regional education hub: the case of Hong Kong, *International Journal of Educational Management*, Vol. 25(5), 2011: 474-493.

Hong Kong's premier institution, which once had been 21st on the world list was ranked 43rd in 2013.[57] Hong Kong's two remaining top 200 institutions (HKUST and CUHK), however, rose in the rankings to joint 57th and joint 109th respectively. While much legitimate scepticism can be directed towards any ranking system, they are taken very seriously by prospective students when choosing a place to study.

9.3.2 Hong Kong has taken strides towards the internationalisation of its higher education system and to attract some of the best and brightest students from around the world. Since 2008, the quota for non-local students was doubled to 20 per cent.[58] A HK$2.27 billion scholarship fund was established for both local and non-local students and from which non-local students are each awarded HK$80,000 to study in publicly funded institutions. A PhD Fellowship scheme was also established that has seen the number of awardees increase from 115 in 2010-11[59] to 185 in 2013-14[60], over 90 per cent of whom were non-local students. Non-local students have also been allowed to take on summer jobs in Hong Kong and part-time campus jobs. Most importantly perhaps, non-local students have been given the option to stay on in Hong Kong after graduation for 12 months without limitation of purpose, and allowed to take up local employment and settle in Hong Kong. As seen in the policies of Canada and Australia, foreign students are an important source of future immigrants and, as they are trained in-country, no problems of accreditation arise. Hence, the expansion of non-local students in Hong Kong is one way of creating and expanding its future talent.

9.3.3 However, the reality shows that a considerable way to go towards internationalisation remains. Total student enrolment in University Grants Committee (UGC)-funded tertiary institutions increased by over 30 per cent between 2008-09 and 2012-13 from 72,067 to 93,934, and although non-local students grew strongly by some 63 per cent over the period, they only represented 14.5 per cent of the total enrolment in 2012-13 (Table 9.5). The

[57] "World University Rankings 2013-14", Times Higher Education (2013).

[58] University Grants Committee (UGC)-funded institutions may admit non-local students to their sub-degree, degree and taught postgraduate programmes up to a level not exceeding 20% of the approved student number targets for these programmes. No quota restriction is imposed on the admission of non-local students in publicly-funded research post-graduate programmes by UGC-funded institutions. Source: LegCo progress report on "Caring about the education, employment, housing, home acquisition and business start-up problems faced by young people" (2013).

[59] "Results of Hong Kong PhD Fellowship Scheme 2010/11 announced", Information Services Department, HKSAR Government, 30 March 2010.

[60] "Results of Hong Kong PhD Fellowship Scheme 2013/14 announced", Information Services Department, HKSAR Government, 10 April 2013.

majority of the non-local students came from the Mainland, with only 2.9 per cent of students in Hong Kong from "elsewhere", which is hardly a significant "internationalisation" of the Hong Kong tertiary student body.

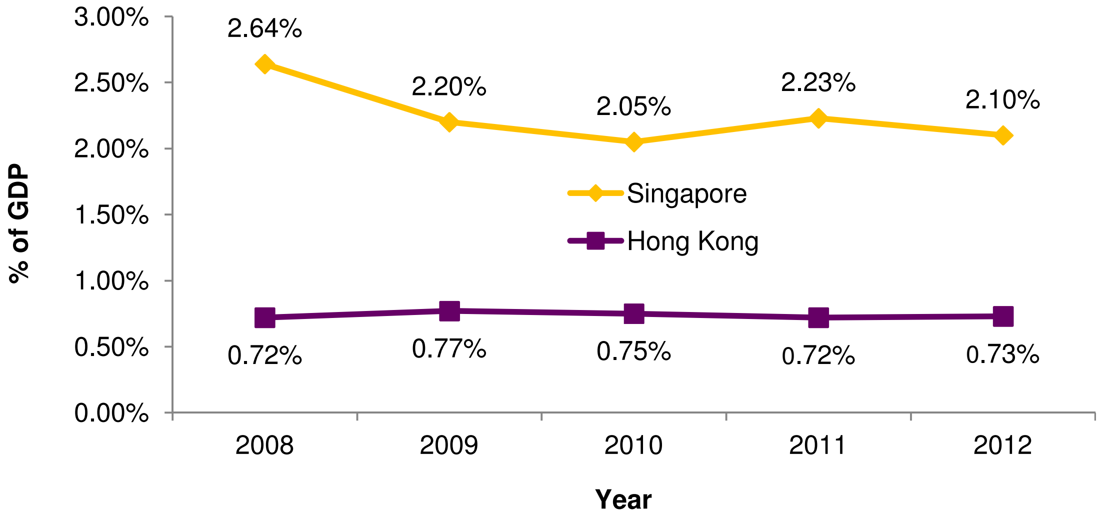
Table 9.5 – Student Enrolment (Headcount) of UGC-funded Programmes by Level of Study and Place of Origin, 2008/09 - 2012/13

Academic Year	Level of Study	Hong Kong Students		Non-local Students						Total
				Mainland China		Elsewhere		Sub-total		
		No.	%	No.	%	No.	%	No.	%	No
2008/09	Sub-degree	7,102	99.9%	2	0.0%	3	0.0%	5	0.1%	7,107
	Undergraduate	50,260	91.3%	4,348	7.9%	442	0.8%	4,790	8.7%	55,050
	Taught Postgraduate	3,893	98.5%	39	1.0%	19	0.5%	58	1.5%	3,951
	Research Postgraduate	2,419	40.6%	3,324	55.8%	216	3.6%	3,540	59.4%	5,959
	Sub-total	**63,674**	**88.4%**	**7,713**	**10.7%**	**680**	**0.9%**	**8,393**	**11.6%**	**72,067**
2009/10	Sub-degree	7,003	99.9%	2	0.0%	4	0.1%	6	0.1%	7,009
	Undergraduate	51,419	90.8%	4,562	8.1%	629	1.1%	5,191	9.2%	56,610
	Taught Postgraduate	3,558	98.5%	35	1.0%	18	0.5%	53	1.5%	3,611
	Research Postgraduate	2,239	35.4%	3,830	60.6%	253	4.0%	4,083	64.6%	6,322
	Sub-total	**64,219**	**87.3%**	**8,429**	**11.5%**	**904**	**1.2%**	**9,333**	**12.7%**	**73,552**
2010/11	Sub-degree	6,978	99.9%	2	0.0%	3	0.0%	5	0.1%	6,983
	Undergraduate	51,967	90.3%	4,638	8.1%	960	1.7%	5,598	9.7%	57,565
	Taught Postgraduate	3,513	98.2%	43	1.2%	22	0.6%	65	1.8%	3,578
	Research Postgraduate	2,056	31.8%	4,041	62.5%	365	5.6%	4,406	68.2%	6,462
	Sub-total	**64,514**	**86.5%**	**8,724**	**11.7%**	**1,350**	**1.8%**	**10,074**	**13.5%**	**74,588**
2011/12	Sub-degree	6,925	100.0%	0	0.0%	2	0.0%	2	0.0%	6,927
	Undergraduate	52,498	89.9%	4,583	7.8%	1,331	2.3%	5,914	10.1%	58,412
	Taught Postgraduate	3,599	97.6%	55	1.5%	32	0.9%	87	2.4%	3,686
	Research Postgraduate	1,806	27.5%	4,298	65.4%	468	7.1%	4,766	72.5%	6,572
	Sub-total	**64,828**	**85.8%**	**8,936**	**11.8%**	**1,833**	**2.4%**	**10,769**	**14.2%**	**75,597**
2012/13	Sub-degree	7,040	100.0%	0	0.0%	1	0.0%	1	0.0%	7,041
	Undergraduate	67,954	89.0%	6,315	8.3%	2,084	2.7%	8,399	11.0%	76,353
	Taught Postgraduate	3,627	97.5%	62	1.7%	32	0.9%	94	2.5%	3,721
	Research Postgraduate	1,652	24.2%	4,586	67.3%	581	8.5%	5,167	75.8%	6,819
	Sub-total	**80,273**	**85.5%**	**10,963**	**11.7%**	**2,698**	**2.9%**	**13,661**	**14.5%**	**93,934**

Source: "Student Enrolment (Headcount) of UGC-funded Programmes by Level of Study and Place of Origin", University Grants Committee (2008/09 - 2012/13).

9.3.4 In contrast, Singapore, one of Hong Kong's competitors, recorded 84,000 international students as at July 2012, with 150,000 as the target for 2015.[61] Its public spending on the tertiary sector increased from SG$2,865 million in 2008 to SG$3,790 million in 2012[62]; and its leading university, the National University of Singapore, rose in the THE rankings to 26th in 2013-2014 to become the second strongest university in Asia, while its second university, Nanyang Technological University, rose 10 places to 76th in the rankings. Hong Kong spent about 0.72 per cent and 0.73 per cent of its GDP on research and development (R&D) in 2008 and 2012 compared with Singapore's 2.64 per cent and 2.10 per cent (Figure 9.1). Hong Kong seems in danger of losing its position as a leading centre of education excellence unless public funding priorities can be reassessed. It is from this sector that its future talent will mainly come.

Figure 9.1 – Total R&D Expenditure as % of GDP for Hong Kong and Singapore, 2008 - 2012



Sources:
Latest statistics on "Research and Development Expenditure by Performing Sector", C&SD.
"National Survey of Research and Development in Singapore 2012", Agency for Science, Technology and Research Singapore.

9.3.5 Perhaps one of the greatest concerns relates to Hong Kong's financial commitment to higher education. The total education budget increased from HK$50.3 billion in 1999/2000 to HK$77.8 billion in 2012/13 or by some 54.6

[61] "Minister Lim Hng Kiang's written reply to Parliament Questions on EDB's Global Schoolhouse initiative", Ministry of Trade and Industry Singapore, 17 Oct 2012.
[62] Yearbook of Statistics Singapore, Department of Statistics, Singapore (2013)

per cent. Recurrent expenditure on education increased by 41.6 per cent from HK$42.9 billion to HK$60.7 billion. However, the proportion of this recurrent expenditure spent on higher education decreased from 34.5 to 26.3 per cent over the period representing an increase of only HK$1.2 billion or some 8 per cent.[63] That the sector upon which Hong Kong will rely for its local generation of talent should see its proportional share of the budget reduced seems a matter of concern.

9.3.6 In order to provide students with more opportunities for higher education, Chief Executive CY Leung announced in the "2014 Policy Address" that from the 2015/16 academic year and in the triennium that follows, the intake of senior-year undergraduate places in UGC-funded institutions will progressively increase by a total of 1,000 places.[64]

9.3.7 Like education, Hong Kong has a first class system of health care with an intensive network of well-equipped hospitals. The system is staffed by some 12,000 doctors. Some 320 new medical graduates, shortly to be increased to 420, are produced through the Hong Kong medical schools each year. The quality of care is generally good. About 80 per cent of a systematic sample of those admitted to Hospital Authority public hospitals in 2010 considered their treatment as good or better, although a significant minority, 13 per cent, of those admitted through accident and emergency services reported waiting time for a bed to have been too long.[65]

9.3.8 It is reported that 3,833 Hong Kong-trained physicians, representing 30.4 per cent of the total number of physicians in the SAR, are practising outside Hong Kong.[66] It is also estimated that Hong Kong has a shortage of around 500 doctors and, although Hong Kong has over 36,000 hospital beds, 90 per cent of them in public hospitals, around an additional 1,000 beds could be introduced but for the shortage of doctors. These factors must contribute to long waits to see appropriate doctors in Hospital Authority hospitals.

9.3.9 It is difficult to foresee an easy solution to the shortage of doctors in Hong Kong as only those trained in Hong Kong medical schools and who have completed their internship in Hong Kong are legally allowed to practise in

---

[63] Hong Kong Yearbook 2004 and Hong Kong Yearbook 2012, HKSAR Government.
[64] "2014 Policy Address", HKSAR Government (2014).
[65] E. L. Y. Wong et al, Patient experience with public hospital care: first benchmark survey, *Hong Kong, Hong Kong Medical Journal*, Vol. 18(5), 2012: 371-380.
[66] "Migration and Remittances Factbook 2011", the World Bank (2011).

Hong Kong. Those trained elsewhere, even if highly regarded in their own right, cannot practise in Hong Kong unless they have completed the entire suite of Hong Kong medical examinations, as well as the internship in a Hong Kong hospital. Such a "closed shop" policy may not be in the city's interest as the population ages, as described in Chapter 2 above, and more intensive care will have to be provided to a population that has shifted from a phase of infectious disease to degenerative disease. The latter, which is characterised by a greater risk of being sick rather than falling sick, that is, the diseases tend to be longer-term, will require more extensive care. In the future, Hong Kong may need to draw on highly trained medical personnel from elsewhere, requiring a means of recognising some overseas qualifications.

9.3.10 The ageing population will also require care beyond just the purely medical and which can be provided through residential care services. The number of such establishments increased from 750 in 2002 to 780 in 2012 (Table 9.6).

Table 9.6 – Number of Establishments, Persons Engaged and Vacancies of Residential Care Services for the Elderly, 2002 - 2012

Year	Number of Establishments	Number of Persons Engaged	Number of Vacancies
2002	750	16,200	390
2003	820	19,460	270
2004	740	18,070	330
2005	740	18,760	420
2006	770	19,210	500
2007	770	19,760	850
2008	790	19,600	920
2009	770	19,960	640
2010	780	19,780	890
2011	780	19,440	1,170
2012	780	19,510	1,460

Source: Latest statistics on "Number of establishments, persons engaged and vacancies (other than those in the Civil Service) analysed by industry sub-class", C&SD.

9.3.11 However, there were about 30,000 applicants waiting for subsidised residential care services on the Central Waiting List of Social Welfare Department as at end-2013. The average waiting periods ranged from 7 to 37 months in end-2012 (Table 9.7). Some concern groups are worried that such a situation may affect the health and quality of life of the elderly, and put pressure on family members who take care of them.[67] The demand for subsidised residential care places should be addressed in accordance with the needs of an ageing society particularly given that the number of persons aged 60 and over will increase from 1,471,700 in 2013 to 2,717,000 in 2031, an increase of 84.6%.[68]

Table 9.7 – Provision of Subsidised Residential Care Places for the Elderly and Average Waiting Time, end- 2012

Type of Residential Care Services Places	Number of Subsidised Places	Number of Elderly People on the Waiting List	Average Waiting Time (Months)
Nursing home places (including Nursing Home Place Purchase Scheme)	2,957	6,385	37
Care-and-attention places (overall)	21,769	22,293	25
Subvented/Contract/Conversion Homes places	14,432	N/A	34#
Places offered by the Enhanced Bought Places Scheme	7,337	N/A	7##
Self-care hostel and Home-for-the aged places	1,551	N/A	N/A
Total	26,277	28,678###	N/A

Notes:
When the elderly applicants had no preference for specific residential care homes for the elderly (in terms of location or religious background, for instance), the average waiting time for subsidised care and attention (C&A) places in subvented/contract residential care homes for the elderly (RCHEs) was 19 months.
When the elderly applicants had no preference for specific RCHEs (in terms of location or religious background, for instance), they could be offered subsidised C&A places under the "Enhanced Bought Place Scheme" within one month.
Including over 3,000 elderly persons who were using subsidised community care services while waiting for residential care places.

Source: LegCo paper on "Provision of subsidized residential care places for the elderly", Legislative Council Secretariat, 5 November 2013.

---

[67] Response of the HKSAR Government to the LegCo question on "Subsidised residential care places for elderly and persons with disabilities", 27 February 2013.
[68] "Projected Mid-year Population by Age Group and Sex, 2014-2041", C&SD (2013) and latest statistics on population estimates, C&SD.

9.3.12 In response to the situation, Chief Executive CY Leung announced in the "2014 Policy Address" that the HKSAR Government will increase the supply of subsidised residential care places through the "Special Scheme on Privately Owned Sites for Welfare Uses" and extend the continuum of care to subsidised nursing home places. Furthermore, the HKSAR Government will purchase residential care places from an elderly home in Shenzhen to provide an option for the elderly on the Central Waiting List.

9.3.13 The number of persons engaged in residential care services for the elderly increased from 16,200 in 2002 to 19,510 in 2012 (Table 9.6). The number of vacancies was estimated at 1,460 in 2012. Most of the carers at present appear to be local, but some overlap must surely exist with the large number of foreign domestic helpers discussed earlier in paragraphs 5.3.5 and 5.3.6. The question of how well trained carers are in dealing with the elderly is apposite because, although generally accepted criteria exist for those working in institutions in Hong Kong[69], it is not clear that all those acting as carers in private homes have been trained to the required level. As the population ages, both the number and the quality of carers, as well as their source, will increasingly become an issue.

9.3.14 With some 12.1 per cent of Hong Kong's population, or almost one million people, projected to be 75 years of age and older by 2031[70], the supply of carers and the funding for care homes are going to be critical policy areas. Currently, the average age of carers in Hong Kong is around 55 years showing that that labour force itself is ageing.[71] Young local people may not be willing to enter into an occupation that has not yet a defined career path and outside sources of supply may have to be tapped. Informed opinion suggests that currently about one third of the workers are from the Mainland, having entered through the Supplementary Labour Importation Scheme. Rising wages in the Mainland, as well as an increasing demand for carers in Mainland China itself, suggests that carers may have to be found elsewhere. An alternative source may be found among foreign domestic helpers who could be given recognised training to allow them to become registered carers. Clearly, language ability

[69] In accordance with Section 4 of the Residential Care Homes (Elderly Persons) Regulation, a person who has completed a course of training approved by the Director of Social Welfare in writing or by reason of his education, training, professional experience and skill in health work satisfies the Director that he is a suitable person to be registered as a health worker, shall be qualified to be registered as a health worker.

[70] "Hong Kong Population Projections 2012 – 2041", C&SD.

[71] "Challenges to Elderly Care Services", *Wen Wei Po,* 14 June 2013.

in Cantonese is important, which may be found more readily among the Indonesian migrant population.

9.3.15 Meanwhile, Hong Kong should move towards primary care promotion and active ageing. Prevention is better than cure. Overseas studies and experiences suggest that the more developed the primary care system and preventive care, the healthier the public.[72] The approach should favour keeping the elderly out of institutional care in hospitals and care homes and helping to continue in their own homes for as long as possible. Promoting primary care can help reduce the burden on Hong Kong's health system and put "ageing in place" into practice.

9.3.16 While 1 in 10 Hong Kong households are said to have a foreign domestic helper[73], this figure is deceptive as the higher income groups often have more than one helper. Care at home for the elderly reduces the demand for residential care, which raises the associated issue of the design of appropriate housing for elderly populations. This is not simply in terms of the supply of adequate space for live-in carers, as well as appropriate family members, but also whether they are designed with the mobility of the elderly in mind. Hong Kong's population is ageing and the HKSAR Government would be remiss if provision is not made for what is a clear known trend.

9.4 The complexity of policy

9.4.1 This chapter should have brought out the complexity of policies that are relevant to the attraction of talent and to migration more generally. Direct policies designed to encourage or facilitate the movement are only part of the equation and the indirect policies will be central in determining the number and type of labour and migrant workers required over the years to 2030. The direct policies in terms of the nature and number of channels that allow access to the Hong Kong market and services will respond to, and be designed for, that demand. Predicting how many and what type of workers will be required in each of these future key industries is fraught with difficulty. Changing technologies in those industries will also impact upon the nature of that demand.

---

[72] "Frequently Asked Questions", public consultation exercise on healthcare reform of the HKSAR Government (2008).

[73] "Thoughts for Hong Kong - Public Engagement Exercise on Population Policy", Steering Committee on Population Policy, HKSAR Government (2013).

9.4.2 Given that the indirect policies will drive the demand for skilled and unskilled labour, it is important that the particular departments liaise closely with the other relevant government departments that will implement, and design if required, the direct policies that will meet the demand. Such an emphasis on the indirect policies fits with the non-interventionist approach of Hong Kong in contrast with directive policies to meet specific targets. However, in the context of two of the critical producers and sustainers of talent and labour: education and health, some concerns about future direction were flagged, which imply a greater degree of government intervention. Over the years to 2030, a more mixed economy may be required and particularly in the realm of fiscal policy and the adequate financing of certain key areas for Hong Kong's future.

Chapter 10: Conclusions – Towards a Policy Agenda

10.1 In this report, we have reviewed the evidence for Hong Kong's future population and manpower needs to 2030. We cannot emphasise more the uncertainties in any attempt to estimate population and manpower demand in the future. In particular, the direction of the regional and of the global economies will be critical in determining the future demand for labour. However, so too will be decisions more under local control such as the types of industries that should be promoted. The HKSAR Government's decisions on how to attract and support chosen industries will be central to the nature of labour demand as will future technological development in areas associated with these industries.

10.2 Given that the demand for labour will be a major driver of the migration of skills, policies to manage that migration will need to respond to that demand through facilitating the immigration of the various types of labour required. Policies will be more in the area of expanding the supply of skills through improving the quality of the labour force that can attract certain industries to locate in Hong Kong. That is, education policies will be central to the production of Hong Kong's future skills. Other important policies will be in areas such as the provision of adequate land and supporting infrastructure and the creation of the type of environment that will attract industries that, in turn, may lead to the immigration of skills not available locally

10.3 We have presented in the report the growth of both population and labour force using government projections. While the population is ageing, the labour force will not decline until 2018 and even by 2030 will only have declined slightly. However, the old-age dependency ratio will increase even if the overall ratio will still be lower than it was when Hong Kong's population was primarily youthful 50-60 years ago.

10.4 In the face of a slow-growing and ultimately declining labour force, policies to slow this process could focus on encouraging increased labour force participation among groups where it is currently low, which implies increasing the labour force participation rates in older age groups and among women. Intervention, however, would have to be sensitive to the tension between encouraging younger women into the labour force and the need to support a child-friendly environment that might encourage the future reproduction of the population.

10.5 We have examined the components of Hong Kong's population growth, natural increase and net migration. The calculation of natural increase was complicated by the number of births to women coming from Mainland China and it was found that much of Hong Kong's reproductive capacity in recent years was to be found outside the city. It was argued that fertility in Hong Kong is likely to remain low and that any attempts to reverse this trend are unlikely to meet with long-term success. Hence, policies that seek to increase rather than decrease the catchment area of its reproductive capacity may need to be considered. That is, limiting access to Hong Kong facilities to women from outside the SAR may be counterproductive over the long term and will accelerate the ageing of the population.

10.6 Net migration, or the balance of in and out migrations, was shown to vary by how natural increase was calculated. Even by the best guesstimate, net migration was found to be a smaller component of population growth than might have been expected, given what is known about immigration. Outmigration continues and serves to reduce the impact of immigration. The population of Hong Kong appeared to have a high degree of "churn" of people who came in for relatively short periods before leaving again. Looking towards 2030, however, and with continued low fertility, net migration can be expected to make up an increasingly expanding component of overall growth. Hong Kong needs to plan to take into consideration a high level of turnover among sectors of its population and to plan accordingly.

10.7 We have also examined the channels through which immigrants came into Hong Kong and two very different flows of immigrants were identified: one from Mainland China and the other from "elsewhere". Each of these flows was further subdivided by skill level. The largest flow from the Mainland was for family reunification and was made up of a relatively stable flow of spouses and children of Hong Kong permanent residents. Increasingly, talent is also being recruited from Mainland China into a variety of skilled positions, and particularly into tertiary education. Like the Mainland-born, those born elsewhere could also be divided into two quite different skill categories: a less-skilled flow of women as domestic helpers and a highly skilled expatriate population and their families that is highly mobile.

10.8 Immigration is a case of "organised flow", in which the flows are organised not just in specific channels of entry but through organised systems of labour recruitment. Perhaps a quarter of skilled labour, for example, is brought in through intra-corporate transfers and large and small recruiting agencies are responsible for a significant part of the remainder in both global and local labour markets.

10.9 The attitudes of the Hong Kong population towards the immigrants from the Mainland were largely "ambivalent". While negative feelings towards immigrants can be found among quite large minorities, such feelings are not as widespread as in many other large cities around the world. This could be due to the relatively small and controlled immigration and to the recent immigrant background of much of the Hong Kong population. The report has drawn attention to the need to expand and vigorously pursue plans to integrate different migrant groups into the population. To address this, we consider there is a need to strengthen information programmes to educate the public of the positive contributions that migrants make to the society and economy of Hong Kong.

10.10 Despite the importance of immigration, the total number of migrants in Hong Kong is small relative to other global cities around the world and tiny if only the non-Chinese are concerned. In terms of multiculturalism, Hong Kong is very different compared to cities such as London or New York, although it is becoming increasingly more of a multicultural Chinese community.

10.11 The out migration from Hong Kong continues: of expatriates, of the local population, and of the local population who have secured second nationalities and can move in and out almost as "invisible" migrants. The "diaspora" of some 800,000 Hong Kong-born people living outside Hong Kong contains a global pool of talent that Hong Kong could draw upon in the future.[74] Most importantly, emigration is an integral part of highly developed economies. Recognising that emigration continues, steps can be taken to "leverage" the pool of talent that exists in the Hong Kong migrant communities overseas.

10.12 One of the most deceptive factors in any attempt to forecast future labour demand for Hong Kong is the integration of the city into a much wider mega-urban region, which means that a growing part of the city's workforce and de facto population live in neighbouring parts of the Mainland. The increasing incidence of daily and weekly commuting is clear as Hong Kong

[74] This figure excludes the descendants of the Hong Kong-born who were born overseas and would have to be added in order to give a more realistic idea of the total "diaspora".

has exported parts of its production and not just its reproduction outside the boundaries of the SAR.

10.13 Hong Kong residents are moving to the Mainland to take advantage of cheaper housing and cost of living. Some of these appear to include previous immigrants under the OWP scheme. Recognising the need to maintain the one country, two systems context, Hong Kong needs to move at the same time into a greater integration with the greater metropolitan area that is developing in the PRD to produce, ultimately, a single functioning urban system. This and the previous paragraph emphasise the importance of cross-boundary planning.

10.14 Hong Kong has experienced a profound restructuring of its economy over the last 60 years but small firms have been a common thread throughout this process. Recent evidence, however, suggests that in the latest phases of Hong Kong's development, large corporations have grown at the expense of smaller firms, with future implications for labour recruitment and the employment of the skilled. Hong Kong maintains its position as a regional hub for large firms, although the nature of these firms appears to be shifting from manufacturing to finance.

10.15 Hong Kong experiences very low levels of unemployment, with a labour market with little surplus capacity. Immigrant labour, however, has so far made a relatively small contribution to most sectors of the economy, with the exception of finance and insurance at the top end of the skill spectrum and personal services towards the bottom.

10.16 Future projections over the relatively short term to 2018 suggest a good balance between projected supply and demand for labour. The clearest future trend is the increasing educational level of the Hong Kong population, leaving an important question hanging over where the labour for less-skilled jobs will come from, as the local population trained for skilled jobs and with high aspirations will be unwilling to undertake these less-skilled jobs.

10.17 We recognise that the talent for future development will either have to be generated locally or be imported through company-specific means. Emphasis should be placed on how the less-skilled workers required to support the talent will be sourced. Labour-importation schemes will need serious consideration.

10.18 Hong Kong has a tradition of non-intervention in the market, placing policy intervention in an ambivalent position. Nevertheless, recent evidence suggests a much greater intervention at both micro and macro levels of the economy. As far as both future labour demands and migration policy are concerned, direct and indirect policies can be implemented. However, in both areas, it seems most likely that the indirect policies will drive the development and that direct policies will facilitate the resultant demand.

10.19 The report has emphasised that future labour demand will be determined by the mix of industries in Hong Kong and that a clear strategy needs to be developed to identify the industries in which the SAR has the greatest comparative advantage. These are primarily "knowledge" industries and services, plus tourism, and will provide the "pillars" for Hong Kong's future development. While finance is one of these pillars in the Hong Kong economy, it must also be recognised that concrete measures need to be taken to develop a more widely based knowledge economy.

10.20 Two sectors in particular are singled out for examination in the report, education and health. While both are of central importance both for the local population and the internationalisation of Hong Kong, certain concerns can be raised about the magnitude, if not the direction, of change. Neither has opened up as much as might be expected for a global city. Both of these areas need to be opened up to wider recruitment if they are to remain regionally and globally competitive. Both education and health will be reliant on increased government expenditure if they are to achieve their potential role in Hong Kong's society and economy to 2030.

10.21 Hong Kong faces an acute shortage of 30,000 subsidised residential care places for the elderly, leading to a three-year waiting period at most. Meanwhile, we should move towards primary care promotion and active ageing and a consideration of an expanded role for foreign domestic helpers in the care industry with appropriate training.

10.22 We recognise that increased government spending will be required in order to keep certain pillars competitive and that an increasing population using Hong Kong services lives outside the SAR. Appropriate expenditure-cutting and revenue-raising measures, including extension of the tax base, will need to be carefully considered in the period leading up to 2030. Increased spending on education, particularly tertiary education to generate future skills, and on health will be fundamental to Hong Kong's continuing prosperity to 2030.

10.23 The study has found that the largest group of migrants from outside Mainland China is comprised of foreign domestic helpers and that fertility in Hong Kong is low. In this context, policies could be developed to upgrade the skills of an appropriate number of these workers so that they can act as carers to the increasing number of elderly in their own homes.

10.24 There are many unknowns in the analysis of future labour demand. In order to improve the analysis of migration in particular, greater effort needs to be made to expand the information base required for more exact monitoring and projection of population movements.

10.25 Overall, we have reached the conclusion that indirect rather than direct polices should be given precedence in dealing with population issues, both for fertility and for migration. That is, precedence should be given to policies that seek to create the economic and social environments conducive to desired population conditions rather than to directive policies that stipulate targets or seek to control births or population movements.

Chapter 11: Synergies with the Ongoing Government Consultation

11.1 Our study was conducted entirely independently of the Public Engagement Exercise on Population Policy of the HKSAR Government.[75] Nevertheless, synergies between our report and the Government consultation document exist. The consultation document commences with the key point of the ageing of Hong Kong's population and states that one per cent of economic growth is estimated to come from growth in the labour force (paras 1.4 to 1.5). Once growth in the labour force begins to slow, economic growth may slow too, unless productivity increases. While the actual growth in any economy is also a function of the size of that economy, the projected growth of the labour force is a useful starting point for a public debate on population and future economic growth. Our report contributes to the debate in various ways in the following paragraphs.

11.2 Our report examines the definition of the labour force and how that can change. Labour force participation rates in the younger cohorts can decline because of increased numbers continuing in tertiary education, which should, in theory, be matched by increased productivity. Considerable scope also exists to increase labour force participation rates in older working age cohorts (paras 2.2 to 2.6), which means that the actual working population may not decline to the extent anticipated because of increased activity in older age groups.

11.3 Our report draws attention to the difficulty of forecasting demand for labour because of a number of factors. Clearly, the nature of the industries that will be established or continue in operation is central to any analysis; and whether they will be large-scale corporations or small enterprises is also an important part of the equation. However, one of the greatest unknowns is the degree to which capital can replace labour in each sector through automation.

11.4 The points made in the above two paragraphs draw attention to the difficulty of any attempt to associate future economic growth with simple numbers in the labour force and whether the size of the labour force, however defined, is stagnating or declining.

[75] *Thoughts for Hong Kong: Public Engagement Exercise on Population Policy*, Secretariat of the Steering Committee on Population Policy, Chief Secretary for Administration's Office, October 2013. References to specific paragraphs in this Government consultation document, where the BRFC report makes a contribution or creates synergies, are given in parentheses in the text of this chapter.

11.5 Our report examines the components of growth of the Hong Kong population as a whole. It shows how, with fluctuations, natural increase has continued as a component of population growth and that births to women who are not Hong Kong residents form an important part of the reproduction of the future population of the SAR. The links with the Mainland are more than purely economic as marriages with Mainland partners and children of those unions play an increasing role in a potential future labour force for the SAR (paras 1.8, 2.13 and 2.14).

11.6 Migration and net migration will be important components of the future population growth in Hong Kong (para 1.9). Nevertheless, it must always be recognised that a high degree of turnover or "churn" exists among the migrant population of Hong Kong, and particularly among the highly skilled. This churn, together with the continued emigration of the Hong Kong-born, needs to be built in to assessments of future labour force growth but are a "normal" part of global migration systems.

11.7 Our report contributes to the debate on creating a more supportive environment to have children (paras 1.15, 1.23, 5.7 and 5.8). While all encouragement for creating supportive environments in Hong Kong is to be welcomed, efforts to reverse the fertility decline seem doubtful because of the increasing improvements in the education and status of women and the need to incorporate more women into the labour force. Our report examines international experience in this area.

11.8 Our report examines the nature of Hong Kong as a world city (paras 1.17 to 1.20) and finds that the extent to which the SAR is cosmopolitan compared with other world cities is relatively low. Hong Kong needs to promote yet further immigration from elsewhere, in addition to the Mainland, and to develop more effective approaches to integration (para 2.9).

11.9 Our report contributes to the debate about manpower and skills mismatch (paras 3.2 to 3.5). It is the mismatch between the supply of and demand for skills that drives so much migration. The report examines the immigration of the skilled and shows the extent to which it is organised through intra-corporate transfers and the involvement of recruitment agencies. That Hong Kong has to produce its own skills is a given (paras 3.9 to 3.12) but some concern was expressed in the report about the relative decline in funding for tertiary education in the SAR.

11.10 Our report contributes to the debate on the diversification of the Hong Kong economy (paras 3.6 and 3.7) by also recognising that the SAR needs to capitalise on the areas where it has a clear comparative advantage. This strategy suggests that specialisation in a few key sectors such as finance, legal services, education, health and tourism would contribute to the continued prosperity of the city.

11.11 Our report assesses the importance of the various new sources that are being tapped in order to complement the local workforce (paras 4.1 to 4.8). Mainland and overseas sources are examined and their recent trends described. Migration is a fairly quick way through which to supply needed skills, although the rapid turnover, with return and onward movement among the skilled, is to be expected.

11.12 In terms of bringing Hong Kong people home (paras 4.9 and 4.10), our report identifies a Hong Kong-born population of around 800,000 living outside Hong Kong that contains a pool of talent upon which the SAR can draw. Again, it must be recognised that these skilled are part of a global elite and will also be highly mobile and may not return permanently.

11.13 Our report draws attention to the substantial population entering the SAR as foreign domestic helpers (paras 4.11 and 4.12), raising the possibility that this quite highly trained labour force might act as an important source of carers for Hong Kong's ageing population in due course. Some basic training programmes in this area for this group might be appropriate.

11.14 Our report also emphasises that important linkages exist between skilled and less-skilled migrants, the former depending upon the services provided by the latter: from those who construct the buildings, through those who clean the offices to the legions of restaurant workers and others who support the skilled. Increasing education levels and aspirations among the local population mean that Hong Kong has to turn increasingly to external sources of supply for unskilled workers as well as for numbers of the skilled. Hence, provision needs to be made to allow such workers into the city to carry out these tasks on a regular and reliable basis (paras 4.16 to 4.19).

11.15 Thus, our report touches upon many of the issues raised for public discussion in the consultation document. The BFRC hopes that this report indeed contributes to the debate and that the points raised in the various chapters help to clarify some points, provide new perspectives on others and further stimulate a debate that is fundamental to Hong Kong's future and its continued prosperity.

Appendices

Appendix 1 – Population 5 Years of Age and Over by Hong Kong Residence Status and Place of Residence 5 years ago, 2011

Place of Residence 5 Years ago	Hong Kong Residents		Total
	Permanent	Non-permanent	
Hong Kong	6,173,662	253,044	6,426,706
Mainland China	66,682	85,283	151,965
Taiwan	1,861	4,390	6,251
Macao	1,821	1,001	2,822
Indonesia	864	68,122	68,986
Philippines	950	49,561	50,511
United Kingdom	11,536	6,152	17,688
United States of America	11,340	4,628	15,968
Australia	9,942	3,065	13,007
Singapore	2,213	10,045	12,258
Canada	10,210	1,381	11,591
India	1,040	6,002	7,042
Japan	1,833	4,385	6,218
Nepal	1,430	2,564	3,994
Pakistan	530	2,448	2,978
Malaysia	493	2,339	2,832
Thailand	640	1,573	2,213
France	707	1,470	2,177
Republic of Korea	423	1,738	2,161
New Zealand	1,345	441	1,786
Germany	394	430	824
Netherlands	470	321	791
Switzerland	299	352	651
Vietnam	165	425	590
Italy	134	318	452

Place of Residence 5 Years ago	Hong Kong Residents		Total
	Permanent	Non-permanent	
Republic of Ireland	197	120	317
Russia	53	198	251
Spain	35	158	193
Bangladesh	26	138	164
Sri-Lanka	--	134	134
Portugal	1	14	15
Other Asian and Pacific Island countries	544	3,347	3,891
Other Central and South American countries	790	737	1,527
Other European countries	825	477	1,302
African countries	263	666	929
Total	6,303,718	517,467	6,821,185

Note: The figures exclude persons living on board vessels.

Source: 2011 Population Census, C&SD.

Appendix 2 – Number of Applications Approved under Admission Scheme for Mainland Talents and Professionals by Profession, 2003 - 2013

Profession	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Architecture / Surveying	4	6	14	29	24	63	21	63	69	58	61
Arts/Culture	40	250	271	428	475	475	1,041	1,607	2,058	1,987	2,127
Biotechnology	10	18	26	30	15	13	15	22	26	18	11
Commerce and Trade	75	245	422	698	995	1,620	725	747	743	966	809
Catering Industry	19	84	74	92	49	55	64	68	96	46	69
Academic Research & Education	1,005	2,384	2,398	2,462	2,809	2,908	2,852	2,548	2,475	2,627	2,470
Engineering & Construction	10	133	71	206	157	84	251	315	306	450	360
Financial Services	41	193	285	498	827	770	534	1,039	1,167	973	1,021
Information Technology	20	109	104	149	178	163	188	182	278	308	269
Legal Services	24	44	53	75	123	95	70	136	137	89	123
Manufacturing Industries	21	42	66	126	94	139	40	90	98	59	99
Medical & Health Services	3	13	21	39	49	30	39	84	65	61	49
Recreation & Sports	13	100	104	114	138	225	469	132	140	128	97
Traditional Chinese Medicine	30	62	46	26	17	17	0	10	5	9	17
Tele-communications	17	33	57	34	85	63	24	77	68	73	66
Tourism	6	12	16	25	40	23	12	32	15	18	21
Others	12	17	1	0	0	1	169	293	342	235	348
Total	1,350	3,745	4,029	5,031	6,075	6,744	6,514	7,445	8,088	8,105	8,017

Note: The scheme was implemented on 15 July 2003.

Source: "Applications Approved under Admission Scheme for Mainland Talents and Professionals - Breakdown by Profession", Immigration Department, HKSAR (2014).

Appendix 3 – Population by Whether Hong Kong Permanent Resident and Place of Birth, 2011

Place of Birth	Hong Kong Permanent Resident	Hong Kong Non-Permanent Resident	Total
Hong Kong	4,274,193	3,933	4,278,126
Mainland China	1,992,727	198,246	2,190,973
Macao	61,210	636	61,846
Taiwan	11,891	3,207	15,098
Bangladesh	361	390	751
Philippines	13,057	121,021	134,078
India	14,013	10,684	24,697
Indonesia	38,723	131,411	170,134
Japan	6,435	7,367	13,802
Republic of Korea	2,468	2,675	5,143
Nepal	6,128	3,870	9,998
Pakistan	7,624	3,871	11,495
Sri-Lanka	598	879	1,477
Thailand	14,518	3,527	18,045
Vietnam	9,447	1,106	10,553
Malaysia	12,716	2,152	14,868
Singapore	8,605	2,248	10,853
Australia	7,928	4,455	12,383

Place of Birth	Hong Kong Permanent Resident	Hong Kong Non-Permanent Resident	Total
New Zealand	1,162	832	1,994
Other Asian and Pacific Island countries	8,900	1,159	10,059
United Kingdom	14,461	6,525	20,986
Republic of Ireland	515	399	914
France	1,556	2,561	4,117
Germany	993	1,306	2,299
Italy	684	587	1,271
Portugal	91	22	113
Spain	257	276	533
Netherlands	1,396	513	1,909
Russia	141	175	316
Switzerland	513	343	856
Other European countries	1,860	1,721	3,581
United States of America	11,732	4,781	16,513
Canada	12,838	2,035	14,873
Other Central and South American countries	2,166	1,087	3,253
African countries	2,146	1,523	3,669
Total	**6,544,053**	**527,523**	**7,071,576**

Source: 2011 Population Census, C&SD.

Appendix 4 – Population by Whether Hong Kong Permanent Resident, Place of Birth and Nationality, 2011

Nationality	Hong Kong Permanent Resident				Hong Kong Non-permanent Resident				Total
	Born in Hong Kong	Born in Home Country/City	Born Elsewhere	Sub-total	Born in Hong Kong	Born in Home Country/City	Born Elsewhere	Sub-total	
Chinese (place of domicile - Hong Kong only)	4,215,741	2,045,856#	87,399	6,348,996	53	138,066#	2,377	140,496	6,489,492
Chinese (place of domicile - other than Hong Kong)	16,270	17,255#	0	33,525	42	63,517#	0	63,559	97,084
Bangladeshi	121	230	11	362	50	230	94	374	736
Filipino	3,389	10,623	200	14,212	290	120,298	281	120,869	135,081
Indian	4,529	10,071	474	15,074	475	9,636	1,465	11,576	26,650
Indonesian	486	5,691	117	6,294	189	129,870	1,050	131,109	137,403
Japanese	1,110	5,275	198	6,583	79	7,012	184	7,275	13,858
Republic of Korea	155	2,101	79	2,335	50	2,467	109	2,626	4,961
Nepalese	5,714	5,911	219	11,844	344	3,723	32	4,099	15,943
Pakistani	5,826	7,056	148	13,030	469	3,754	0	4,223	17,253
Sri-Lankan	226	463	0	689	23	771	18	812	1,501
Thai	521	10,177	84	10,782	22	3,360	47	3,429	14,211

Nationality	Hong Kong Permanent Resident				Hong Kong Non-permanent Resident				Total
	Born in Hong Kong	Born in Home Country/City	Born Elsewhere	Sub-total	Born in Hong Kong	Born in Home Country/City	Born Elsewhere	Sub-total	
Vietnamese	181	1,747	22	1,950	0	717	31	748	2,698
Malaysian	67	4,505	90	4,662	0	1,578	170	1,748	6,410
Singaporean	32	2,935	123	3,090	26	1,604	154	1,784	4,874
Australian	2,229	5,780	2,072	10,081	329	4,131	1,408	5,868	15,949
New Zealand	280	743	140	1,163	49	761	172	982	2,145
Nationality of people in Other Asian and Pacific Island countries	196	810	192	1,198	0	622	137	759	1,957
British	10,333	11,550	4,326	26,209	605	5,614	1,305	7,524	33,733
Irish	40	419	51	510	13	308	208	529	1,039
French	342	1,137	383	1,862	227	2,225	475	2,927	4,789
German	401	706	54	1,161	127	1,039	110	1,276	2,437
Italian	115	592	76	783	10	516	64	590	1,373
Portuguese	188	58	236	482	0	22	34	56	538
Spanish	51	193	28	272	20	261	17	298	570
Dutch	302	855	125	1,282	49	473	129	651	1,933

Nationality	Hong Kong Permanent Resident				Hong Kong Non-permanent Resident				Total
	Born in Hong Kong	Born in Home Country/City	Born Elsewhere	Sub-total	Born in Hong Kong	Born in Home Country/City	Born Elsewhere	Sub-total	
Russian	35	101	1	137	N/A	137	49	186	323
Swiss	153	361	54	568	9	292	78	379	947
Nationality of people in other European countries	177	900	342	1,419	70	1,081	407	1,558	2,977
American	2,920	7,239	1,491	11,650	185	3,976	931	5,092	16,742
Canadian	1,973	7,123	1,340	10,436	83	1,747	552	2,382	12,818
Nationality of people in other Central and South American countries	N/A	605	63	668	6	785	45	836	1,504
Nationality of people in African countries	90	654	0	744	39	848	16	903	1,647
Total	**4,274,193**	**2,169,722**	**100,138**	**6,544,053**	**3,933**	**511,441**	**12,149**	**527,523**	**7,071,576**

Note: # Those born in Mainland China, Macao and Taiwan.

Source: 2011 Population Census, C&SD.

Glossary (in alphabetical order)

Term	Definition
Child dependency ratio	Number of persons aged under 15 per 1,000 persons aged between 15 and 64.
Elderly dependency ratio	Number of persons aged 65 and over per 1,000 persons aged between 15 and 64.
Expectation of life at birth	The number of years of life that a person born in a given year is expected to live if he/she were subjected to the prevalent mortality conditions as reflected by the set of age-sex specific mortality rates for that year.
Fertility	The average number of children a hypothetical cohort of women would have at the end of their reproductive period if they were subjected during their whole lives to the fertility rates of a given period and if they were not subjected to mortality. It is expressed as children per woman.
Labour force	The land-based non-institutional population aged 15 and over who satisfy the criteria for being classified as employed persons or unemployed persons.
Labour force participation rate	The proportion of labour force in the total land-based non-institutional population aged 15 and over.
Overall dependency ratio	Number of persons aged under 15 and aged 65 and over per 1,000 persons aged between15 and 64.
Population growth rate	The population change over a period as a percentage of the population at the beginning of the period.
Total fertility	The average number of children a hypothetical cohort of women would have at the end of their reproductive period if they were subject during their whole lives to the fertility rates of a given period and if they were not subject to mortality. It is expressed as children per woman.
Total fertility rate	The average number of children that would be born alive to 1,000 women during their lifetime if they were to pass through their childbearing ages 15-49 experiencing the age specific fertility rates prevailing in a given year.

Other Featured Reports

It is the Centre's mission to develop and present constructive and balanced views on policy issues which are in line with the overall and long-term interests of Hong Kong. Through our policy research, we seek to analyse the key factors that are crucial to fostering Hong Kong's competitiveness and socioeconomic well-being.

The study reviews the business operation of social enterprises in Hong Kong and the challenges facing them, and puts forth recommendations to foster the sustainable development of social enterprises.

Social enterprises in Hong Kong

Oct 2013

Gauging the public perception of criteria shaping the 'middle class' in Hong Kong, the survey identifies a number of criteria that are commonly used to define the 'middle class'.

Public perception of the 'middle class'

Sep 2013

The study puts forth nine major recommendations under three areas, namely education support, employment opportunities and assistance, and awareness building, with the aim of tackling problems facing seven target groups.

Poverty alleviation – what can the business sector do?

May 2013

Full reports available on our website for free download
www.bauhinia.org

智經研究中心
Bauhinia Foundation Research Centre
香港金鐘夏慤道18號海富中心第1期25樓2508室
Room 2508, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong
電話 Tel : (852) 3101 2888　傳真 Fax : (852) 3101 2890　電郵 Email : bauhinia@bauhinia.org